

McPHERSON COUNTY, KANSAS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2019

GBN, P.A.

Certified Public Accountants

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds..... | 6 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities..... | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 8 |
| Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities..... | 9 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for: | |
| General Fund | 10 |
| Public Works Fund | 18 |
| Employee Benefits Fund | 19 |
| Special Landfill Fund | 20 |
| Statement of Net Position – Internal Service Fund – Employee Benefit Plan Fund..... | 21 |
| Statement of Revenues, Expenses and Changes in Net Position – Internal Service Fund – Employee Benefits Plan Fund | 22 |
| Statement of Cash Flows – Internal Service Fund – Employee Benefit Plan Fund..... | 23 |
| Statement of Fiduciary Net Position – Agency Funds | 24 |
| Notes to the Financial Statements | 25 |
| Required Supplementary Information: | |
| Schedule of Changes in the County's Health Insurance Total OPEB Liability and Related Ratios | 64 |
| Kansas Public Employees Retirement System Pension Plan: | |
| Schedule of County's Proportionate Share of Net Pension Liability | 65 |
| Kansas Public Employees Retirement System Long-Term Disability Plan: | |
| Schedule of Changes in the County's Disability Total OPEB Liability and Related Ratios | 66 |

TABLE OF CONTENTS
(continued)

Page

Combining Financial Statements and Individual Fund Schedules:

Governmental Funds:

| | |
|--|----|
| Combining Balance Sheet – Nonmajor Governmental Funds..... | 67 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 68 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds..... | 69 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 70 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for: | |
| Community Corrections Fund | 71 |
| Health Fund | 72 |
| Noxious Weeds Fund..... | 73 |
| Special Alcohol Fund | 74 |
| Special Parks and Recreation Fund | 75 |
| Court Trustee Fund..... | 76 |
| Cellular 911 Tax Fund | 77 |
| Technology – Register of Deeds Fund | 78 |
| Community Developmental Disability Organization | 79 |
| Technology – County Treasurer Fund..... | 80 |
| Technology – County Clerk Fund | 81 |
| Debt Service Fund | 82 |
| Combining Balance Sheet – Nonmajor Capital Project Funds..... | 83 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds | 84 |

Fiduciary Funds:

| | |
|--|----|
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | 85 |
|--|----|

GBN, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

12001 E. 13th St. North Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
McPherson County, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McPherson County, Kansas (County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McPherson County, Kansas, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Public Works Fund, Employee Benefits Fund and Special Landfill Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in 2019 the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

GBN, P.A.

Wichita, Kansas
March 5, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL
STATEMENTS

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

December 31, 2019

| | Primary Government Governmental Activities | Component Unit |
|--|--|-------------------|
| <u>ASSETS</u> | | |
| Cash and investments | \$ 19,126,859 | \$ 215,288 |
| Receivables: | | |
| Property taxes | 14,860,809 | — |
| Special assessment taxes | 1,902,090 | — |
| Sales taxes | 429,109 | — |
| Trade accounts, net | 52,705 | — |
| Accrued interest | 31,539 | — |
| Due from other governmental units | 508,715 | — |
| Inventories, at cost | 335,727 | — |
| Capital assets: | | |
| Land | 1,795,764 | — |
| Buildings | 7,764,050 | — |
| Improvements other than buildings | 4,944,609 | — |
| Infrastructure | 91,029,703 | — |
| Machinery and equipment | 14,840,939 | 139,621 |
| Intangibles | 614,107 | — |
| Construction work in progress | 4,268,292 | — |
| Less accumulated depreciation | (73,389,523) | (120,335) |
| Total assets | 89,115,494 | 234,574 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Deferred outflows related to costs on bond refunding | 193,823 | — |
| Deferred outflows related to OPEB | 42,999 | — |
| Deferred outflows of resources related to pensions | 767,240 | 9,192 |
| Total deferred outflows of resources | 1,004,062 | 9,192 |
| <u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u> | | |
| Liabilities: | | |
| Accounts payable | 237,676 | 13,418 |
| Accrued payroll payable | 432,472 | — |
| Accrued interest payable | 37,333 | — |
| Noncurrent liabilities: | | |
| Due within one year | 1,428,714 | 13,385 |
| Due in more than one year | 13,751,066 | 60,984 |
| Total liabilities | 15,887,261 | 87,787 |
| Deferred inflows of resources: | | |
| Deferred inflows of resources related to property taxes receivable | 14,860,809 | — |
| Deferred inflows of resources related to OPEB | 63,853 | — |
| Deferred inflows of resources related to pensions | 319,728 | 3,302 |
| Total deferred inflows of resources | 15,244,390 | 3,302 |
| <u>NET POSITION</u> | | |
| Investment in capital assets, net | 45,129,313 | 19,286 |
| Restricted for: | | |
| General government | 139,645 | — |
| Public works operations | 335,727 | — |
| Employee benefits | 422,028 | — |
| Technology improvements | 138,520 | — |
| Public safety – equipment | 503,139 | — |
| Health programs | 2,240,921 | — |
| Environmental protection – landfill | 163,841 | — |
| Culture and recreation | 37,981 | — |
| Debt service | 8,911 | — |
| Unrestricted | 9,867,879 | 133,391 |
| Total net position | \$ 58,987,905 | \$ 152,677 |

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|---|----------------------|-------------------------|--|--|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Component Unit |
| | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 3,593,262 | \$ 944,386 | \$ — | \$ 3,340 | \$ (2,645,536) |
| Public safety | 8,125,295 | 555,453 | 2,274,291 | 10,633 | (5,284,918) |
| Highways and streets | 7,413,705 | 49,034 | 969,312 | 204,622 | (6,190,737) |
| Health and sanitation | 2,249,272 | 333,474 | 683,969 | — | (1,231,829) |
| Culture and recreation | 429,986 | 30,632 | 16,617 | — | (382,737) |
| Environmental protection | 1,955,069 | 1,966,576 | — | — | 11,507 |
| Interest on long-term debt | 92,062 | — | 655,950 | — | 563,888 |
| | <u>\$ 23,858,651</u> | <u>\$ 3,879,555</u> | <u>\$ 4,600,139</u> | <u>\$ 218,595</u> | <u>—</u> |
| Total Governmental Activities | | | | | |
| | \$ 23,858,651 | \$ 3,879,555 | \$ 4,600,139 | \$ 218,595 | (15,160,362) |
| Component Unit: | | | | | |
| McPherson County Extension Council | \$ 367,875 | \$ — | \$ 84,417 | \$ — | (283,458) |
| | <u>\$ 367,875</u> | <u>\$ —</u> | <u>\$ 84,417</u> | <u>\$ —</u> | <u>(283,458)</u> |
| General Revenues: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | | | | 15,160,152 | — |
| Sales taxes | | | | 2,570,259 | — |
| Payment from McPherson County | | | | — | 298,296 |
| Grants and entitlements not restricted to specific programs | | | | 23,520 | — |
| Investment earnings | | | | 434,277 | — |
| | | | | <u>18,188,208</u> | <u>298,296</u> |
| Total general revenues | | | | | |
| | | | | | 3,027,846 |
| Change in net position | | | | | 14,838 |
| Net position at beginning of year | | | | | 55,960,059 |
| | | | | | <u>137,839</u> |
| Net position at end of year | | | | | <u>\$ 58,987,905</u> |
| | | | | | <u>\$ 152,677</u> |

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

McPHERSON COUNTY, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2019

| | General | Public Works | Employee Benefits | Special Landfill | Highway Improvement Reserve | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|----------------------|---------------------|-----------------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | | | |
| Cash and short-term investments | \$ 4,448,603 | \$ 1,287,969 | \$ 484,305 | \$ 68,078 | \$ 2,738,104 | \$ 8,648,352 | \$ 17,675,411 |
| Receivables: | | | | | | | |
| Trade accounts | – | 111 | – | – | – | 52,594 | 52,705 |
| Property taxes | 7,680,458 | 4,469,784 | 2,421,406 | 1,902,090 | – | 289,161 | 16,762,899 |
| Sales tax | 429,109 | – | – | – | – | – | 429,109 |
| Due from other governments | 493,639 | 11,622 | – | – | – | 3,454 | 508,715 |
| Accrued interest receivable | 31,539 | – | – | – | – | – | 31,539 |
| Inventories, at cost | – | 335,727 | – | – | – | – | 335,727 |
| Total assets | <u>\$ 13,083,348</u> | <u>\$ 6,105,213</u> | <u>\$ 2,905,711</u> | <u>\$ 1,970,168</u> | <u>\$ 2,738,104</u> | <u>\$ 8,993,561</u> | <u>\$ 35,796,105</u> |
| <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Salaries and wages payable | \$ 259,725 | \$ 15,217 | \$ – | \$ – | \$ – | \$ 77,650 | \$ 352,592 |
| Accounts payable | 65,845 | 95,097 | 62,277 | – | – | 27,583 | 250,802 |
| Total liabilities | <u>325,570</u> | <u>110,314</u> | <u>62,277</u> | <u>–</u> | <u>–</u> | <u>105,233</u> | <u>603,394</u> |
| Deferred inflows of resources: | | | | | | | |
| Property taxes receivable | <u>7,680,458</u> | <u>4,469,784</u> | <u>2,421,406</u> | <u>1,902,090</u> | <u>–</u> | <u>289,161</u> | <u>16,762,899</u> |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventories | – | 335,727 | – | – | – | – | 335,727 |
| Restricted: | | | | | | | |
| Employee benefits | – | – | 422,028 | – | – | – | 422,028 |
| Technology | – | – | – | – | – | 138,520 | 138,520 |
| Public safety – 911 equipment | – | – | – | – | – | 207,603 | 207,603 |
| Public safety services | – | – | – | – | – | 295,536 | 295,536 |
| Health and welfare | – | – | – | – | – | 338,831 | 338,831 |
| Environmental protection – landfill development and operations | – | – | – | 68,078 | – | – | 68,078 |
| Culture and recreation | – | – | – | – | – | 95,763 | 95,763 |
| Debt service | – | – | – | – | – | 37,981 | 37,981 |
| Other purposes | – | – | – | – | – | 8,911 | 8,911 |
| Committed: | | | | | | | |
| Self insurance claims | 1,049,749 | – | – | – | – | 139,645 | 1,049,749 |
| Highway improvements | – | 839,554 | – | – | 2,738,104 | – | 4,493,583 |
| Capital improvements | – | – | – | – | – | 915,925 | 5,062,471 |
| Environmental protection – remediation and equipment | – | – | – | – | – | 5,062,471 | – |
| Assigned: | | | | | | | |
| General government | 1,015,508 | – | – | – | – | – | 1,015,508 |
| Public works | – | 349,834 | – | – | – | – | 349,834 |
| Unassigned | <u>3,012,063</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>301,2063</u> |
| Total fund balances | <u>5,077,320</u> | <u>1,525,115</u> | <u>422,028</u> | <u>68,078</u> | <u>2,738,104</u> | <u>8,599,167</u> | <u>18,429,812</u> |
| Total liabilities and fund balances | <u>\$ 13,083,348</u> | <u>\$ 6,105,213</u> | <u>\$ 2,905,711</u> | <u>\$ 1,970,168</u> | <u>\$ 2,738,104</u> | <u>\$ 8,993,561</u> | <u>\$ 35,796,105</u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2019

Total Governmental Fund Balances \$ 18,429,812

Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation):

| | | |
|--------------------------|---------------------|------------|
| Cost | \$ 125,257,464 | |
| Accumulated depreciation | <u>(73,389,523)</u> | 51,867,941 |

Other assets not available to pay for current period
expenditures and therefore are not reported in
the governmental funds:

| | |
|---|-----------|
| Special assessments receivable | 1,902,090 |
| Deferred outflows related to bond refunding costs | 193,823 |

Internal Service Funds are used by management
to charge the costs of health insurance benefits
to individual funds. Certain assets and liabilities
of the internal service fund are included in
governmental activities in the Statement of
Net Position

1,384,694

Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

| | | |
|---|----------------|--------------|
| Accrued interest payable on general obligation bonds | 37,333 | |
| Compensated absences payable | 682,171 | |
| Other postemployment benefits other than pensions | 1,129,948 | |
| Net pension liability for Kansas Public Employee's Retirement System Plan including deferred outflows of resources and deferred inflows of resources related to pensions | 5,456,009 | |
| Net OPEB liability for Kansas Public Employee's Disability Plan including deferred outflows of resources and deferred inflows of resources related to OPEB | 179,364 | |
| General obligation bonds payable | 3,070,000 | |
| Capital lease payable | 4,000,000 | |
| Unamortized premium on general obligation bonds payable | <u>235,630</u> | (14,790,455) |

Net Position of Governmental Activities \$ 58,987,905

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2019

| | General | Public Works | Employee Benefits | Special Landfill | Highway Improvement Reserve | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|-------------------|------------------|-----------------------------|--------------------------|--------------------------|
| Revenues: | | | | | | | |
| Taxes | \$ 10,607,871 | \$ 4,488,764 | \$ 2,271,705 | \$ 1,671,608 | \$ – | \$ 585,603 | \$ 19,625,551 |
| Intergovernmental | 1,274,626 | 969,312 | – | – | 203,852 | 2,139,492 | 4,587,282 |
| Licenses and permits | 513,221 | – | – | – | – | 397,033 | 910,254 |
| Charges for services | 113,371 | 32 | – | – | – | 762,598 | 876,001 |
| Use of money and property | 479,419 | 770 | – | – | – | – | 480,189 |
| Miscellaneous | 122,900 | 49,002 | – | – | – | 10,633 | 182,535 |
| Total revenues | 13,111,408 | 5,507,880 | 2,271,705 | 1,671,608 | 203,852 | 3,895,359 | 26,661,812 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 2,559,286 | – | 551,758 | – | – | 347,544 | 3,458,588 |
| Public safety | 6,001,741 | – | 1,080,216 | – | – | 1,753,360 | 8,835,317 |
| Highways and streets | – | 6,519,945 | 682,137 | – | – | – | 7,202,082 |
| Health and welfare | 1,079,278 | – | 63,703 | – | – | 1,086,996 | 2,229,977 |
| Culture and recreation | 342,600 | – | 59,489 | – | – | 6,830 | 408,919 |
| Environmental protection | 34,121 | – | 41,394 | 1,632,000 | – | 228,147 | 1,935,662 |
| Capital outlay | – | – | – | – | – | 1,539,808 | 1,539,808 |
| Debt Service | – | – | – | – | – | 655,950 | 655,950 |
| Total expenditures | 10,017,026 | 6,519,945 | 2,478,697 | 1,632,000 | – | 5,618,635 | 26,266,303 |
| Revenues over (under) expenditures | 3,094,382 | (1,012,065) | (206,992) | 39,608 | 203,852 | (1,723,276) | 395,509 |
| Other financing sources (uses): | | | | | | | |
| Capital lease proceeds | – | – | – | – | – | 4,000,000 | 4,000,000 |
| Transfers in | 30,920 | – | – | – | – | 745,000 | 775,920 |
| Transfers out | (745,000) | – | – | – | – | (30,920) | (775,920) |
| Total other financing sources (uses) | (714,080) | – | – | – | – | 4,714,080 | 4,000,000 |
| Net change in fund balances | 2,380,302 | (1,012,065) | (206,992) | 39,608 | 203,852 | 2,990,804 | 4,395,509 |
| Fund balances, beginning of year | 2,697,018 | 2,537,180 | 629,020 | 28,470 | 2,534,252 | 5,608,363 | 14,034,303 |
| Fund balances, end of year | \$ 5,077,320 | \$ 1,525,115 | \$ 422,028 | \$ 68,078 | \$ 2,738,104 | \$ 8,599,167 | \$ 18,429,812 |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

| | |
|--|---------------------|
| Net Change in Fund Balances – Total Governmental Funds | \$ 4,395,509 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are: | |
| Capital outlay | \$ 6,346,329 |
| Depreciation | <u>(4,438,190)</u> |
| Excess of capital outlays over depreciation expense | 1,908,139 |
| In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. | 6,813 |
| In the statement of activities, other postemployment benefits other than pensions are measured by the amount due during the year instead of the amount paid. | (101,199) |
| In the statement of activities the deferred refunding costs increases deferred outflows of resources but does not provide current resources to the governmental funds. Amortization of the deferred refunding costs is reflected in the statement of activities but is not reported as expenditures in the governmental funds: | |
| Amortization of deferred refunding costs | (24,454) |
| The issuance of long-term debt provides current financial resources in the governmental funds but represent an increase in long-term liabilities in the statement of activities for capital lease obligations | (4,000,000) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | |
| General obligation bond payment | 550,000 |
| Internal service funds are used by management to charge the cost of health insurance benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. | 152,751 |
| Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the special assessments are levied. | 224,685 |
| Pension contributions is an expenditure in the governmental funds but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows of resources for pensions are only recorded in the statement of activities. | (17,930) |
| OPEB contributions is an expenditure in the governmental funds but reduces the net OPEB liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows of resources for OPEB are only recorded in the statement of activities. | (16,588) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds: | |
| Compensated absences payable | (81,409) |
| Amortization of premium on issuance of refunding bonds | <u>31,529</u> |
| Total | <u>(49,880)</u> |
| Change in Net Position of Governmental Activities | <u>\$ 3,027,846</u> |

The accompanying notes are an integral part of the financial statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS (continued on next page)

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|--------------------|-----------------|---|--|
| Revenues and other sources: | | | | |
| Taxes | \$ 9,973,553 | \$ 9,973,553 | \$ 10,609,767 | \$ 636,214 |
| Intergovernmental | 776,500 | 776,500 | 1,274,626 | 498,126 |
| Charges for services | 92,000 | 92,000 | 113,371 | 21,371 |
| Licenses, fees and permits | 418,000 | 418,000 | 513,221 | 95,221 |
| Use of money and property | 110,000 | 110,000 | 479,419 | 369,419 |
| Other | 23,100 | 23,100 | 135,200 | 112,100 |
| Transfers in | 6,000 | 6,000 | 30,920 | 24,920 |
| Total revenues and other sources | 11,399,153 | 11,399,153 | 13,156,524 | 1,757,371 |
| Expenditures, encumbrances and other uses: | | | | |
| Commissioners: | | | | |
| Personal services | 83,512 | 83,512 | 81,294 | 2,218 |
| Contractual services | 7,500 | 7,500 | 3,837 | 3,663 |
| Commodities | 650 | 650 | 270 | 380 |
| Total Commissioners Department | 91,662 | 91,662 | 85,401 | 6,261 |
| County Counselor: | | | | |
| Personal services | 32,448 | 32,448 | 31,115 | 1,333 |
| Contractual services | 9,500 | 9,500 | 2,417 | 7,083 |
| Total County Counselor | 41,948 | 41,948 | 33,532 | 8,416 |
| Administrator/Financial Manager: | | | | |
| Personal services | 277,400 | 277,400 | 255,595 | 21,805 |
| Contractual services | 7,810 | 7,810 | 5,293 | 2,517 |
| Commodities | 4,100 | 4,100 | 2,919 | 1,181 |
| Capital Outlay | — | — | 1,385 | (1,385) |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| Total Administrator/ Financial Manager Department | \$ 289,310 | \$ 289,310 | \$ 265,192 | \$ 24,118 |
| Crestwood Cemetery: | | | | |
| Contractual services | 5,000 | 5,000 | 3,682 | 1,318 |
| Commodities | <u>1,000</u> | <u>1,000</u> | <u>362</u> | <u>638</u> |
| Total Crestwood Cemetery | <u>6,000</u> | <u>6,000</u> | <u>4,044</u> | <u>1,956</u> |
| Data Processing: | | | | |
| Personal services | 124,822 | 124,822 | 121,519 | 3,303 |
| Contractual services | 86,330 | 86,330 | 29,215 | 57,115 |
| Commodities | 5,450 | 5,450 | 5,699 | (249) |
| Capital outlay | <u>46,000</u> | <u>46,000</u> | <u>32,909</u> | <u>13,091</u> |
| Total Data Processing Department | <u>262,602</u> | <u>262,602</u> | <u>189,342</u> | <u>73,260</u> |
| County Clerk: | | | | |
| Personal services | 164,300 | 164,300 | 164,758 | (458) |
| Contractual services | 5,500 | 5,500 | 5,796 | (296) |
| Commodities | <u>1,200</u> | <u>1,200</u> | <u>283</u> | <u>917</u> |
| Total County Clerk's Department | <u>171,000</u> | <u>171,000</u> | <u>170,837</u> | <u>163</u> |
| County Treasurer: | | | | |
| Personal services | 172,500 | 172,500 | 177,438 | (4,938) |
| Contractual services | 26,060 | 26,060 | 23,221 | 2,839 |
| Commodities | 2,500 | 2,500 | 1,594 | 906 |
| Capital Outlay | <u>3,200</u> | <u>3,200</u> | <u>860</u> | <u>2,340</u> |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| Total County Treasurer's Department | \$ 204,260 | \$ 204,260 | \$ 203,113 | \$ 1,147 |
| Register of Deeds: | | | | |
| Personal services | 160,905 | 160,905 | 154,231 | 6,674 |
| Contractual services | 9,460 | 9,460 | 6,797 | 2,663 |
| Commodities | <u>1,100</u> | <u>1,100</u> | <u>377</u> | <u>723</u> |
| Total Register of Deeds Department | <u>171,465</u> | <u>171,465</u> | <u>161,405</u> | <u>10,060</u> |
| Planning and Zoning: | | | | |
| Personal services | 98,280 | 98,280 | 99,598 | (1,318) |
| Contractual services | 12,170 | 12,170 | 15,285 | (3,115) |
| Commodities | 3,240 | 3,240 | 2,335 | 905 |
| Capital Outlay | <u>1,000</u> | <u>1,000</u> | <u>5,660</u> | <u>(4,660)</u> |
| Total Planning and Zoning Department | <u>114,690</u> | <u>114,690</u> | <u>122,878</u> | <u>(8,188)</u> |
| Courthouse General | | | | |
| Contractual services | 360,000 | 360,000 | 395,688 | (35,688) |
| Commodities | 7,000 | 7,000 | 15,061 | (8,061) |
| Capital outlay | <u>8,500</u> | <u>8,500</u> | <u>—</u> | <u>8,500</u> |
| Total Courthouse General Department | <u>375,500</u> | <u>375,500</u> | <u>410,749</u> | <u>(35,249)</u> |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-----------------------------------|--------------------|-----------------|---|--|
| Courthouse Maintenance: | | | | |
| Personal services | \$ 80,080 | \$ 80,080 | \$ 73,947 | \$ 6,133 |
| Contractual services | 11,590 | 11,590 | 1,108 | 10,482 |
| Commodities | 28,050 | 28,050 | 23,946 | 4,104 |
| Capital outlay | 20,000 | 20,000 | — | 20,000 |
| | <u>139,720</u> | <u>139,720</u> | <u>99,001</u> | <u>40,719</u> |
| Total Courthouse Maintenance | | | | |
| Election: | | | | |
| Personal services | 6,900 | 6,900 | 7,637 | (737) |
| Contractual services | 40,000 | 40,000 | 50,171 | (10,171) |
| Commodities | 4,000 | 4,000 | 2,985 | 1,015 |
| Capital Outlay | — | — | — | — |
| | <u>50,900</u> | <u>50,900</u> | <u>60,793</u> | <u>(9,893)</u> |
| Total Election Department | | | | |
| Appraiser: | | | | |
| Personal services | 380,000 | 380,000 | 371,568 | 8,432 |
| Contractual services | 39,430 | 39,430 | 46,143 | (6,713) |
| Commodities | 7,000 | 7,000 | 2,732 | 4,268 |
| Capital outlay | 3,000 | 3,000 | 32,330 | (29,330) |
| | <u>429,430</u> | <u>429,430</u> | <u>452,773</u> | <u>(23,343)</u> |
| Total Appraiser Department | | | | |
| Bank Building: | | | | |
| Contractual services | 105,000 | 105,000 | 60,843 | 44,157 |
| Commodities | 6,000 | 6,000 | 1,805 | 4,195 |
| Capital outlay | 200,000 | 200,000 | 193,018 | 6,982 |
| | <u>311,000</u> | <u>311,000</u> | <u>255,666</u> | <u>55,334</u> |
| Total Bank Building Department | | | | |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|--------------------|------------------|---|--|
| Sheriff: | | | | |
| Personal services | \$ 1,160,300 | \$ 1,160,300 | \$ 1,099,802 | \$ 60,498 |
| Contractual services | 210,150 | 210,150 | 212,138 | (1,988) |
| Commodities | 229,300 | 229,300 | 98,644 | 130,656 |
| Capital outlay | 238,200 | 238,200 | 381,085 | (142,885) |
| Total Sheriff's Department | 1,837,950 | 1,837,950 | 1,791,669 | 46,281 |
| Jail: | | | | |
| Personal services | 772,000 | 772,000 | 730,166 | 41,834 |
| Contractual services | 388,500 | 388,500 | 388,444 | 56 |
| Commodities | 50,200 | 50,200 | 42,951 | 7,249 |
| Capital outlay | 39,600 | 39,600 | 69,288 | (29,688) |
| Total Jail Department | 1,250,300 | 1,250,300 | 1,230,849 | 19,451 |
| County Attorney/Victim Witness: | | | | |
| Personal services | 462,800 | 462,800 | 412,041 | 50,759 |
| Contractual services | 55,600 | 55,600 | 30,088 | 25,512 |
| Commodities | 19,000 | 19,000 | 24,280 | (5,280) |
| Capital outlay | 3,600 | 3,600 | 19,852 | (16,252) |
| Total County Attorney/ Victim Witness Department | 541,000 | 541,000 | 486,261 | 54,739 |
| Unified Courts: | | | | |
| Contractual services | 201,690 | 201,690 | 192,878 | 8,812 |
| Commodities | 14,500 | 14,500 | 10,419 | 4,081 |
| Capital outlay | 19,500 | 19,500 | 25,575 | (6,075) |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|--------------------|-----------------|---|--|
| Total Unified Courts | \$ 235,690 | \$ 235,690 | \$ 228,872 | \$ 6,818 |
| Emergency Management: | | | | |
| Personal services | 6,000 | 6,000 | — | 6,000 |
| Contractual services | 28,500 | 28,500 | 21,619 | 6,881 |
| Commodities | 6,300 | 6,300 | 3,047 | 3,253 |
| Total Emergency Management Department | 40,800 | 40,800 | 24,666 | 16,134 |
| Emergency Communications: | | | | |
| Personal services | 829,041 | 829,041 | 770,878 | 58,163 |
| Contractual services | 153,080 | 153,080 | 59,245 | 93,835 |
| Commodities | 8,300 | 8,300 | 2,243 | 6,057 |
| Capital outlay | 775,000 | 775,000 | 765,880 | 9,120 |
| Total Emergency Communications Department | 1,765,421 | 1,765,421 | 1,598,246 | 167,175 |
| Old Mill Park and Museum: | | | | |
| Personal services | 173,400 | 173,400 | 169,949 | 3,451 |
| Contractual services | 56,975 | 56,975 | 62,941 | (5,966) |
| Commodities | 19,700 | 19,700 | 15,405 | 4,295 |
| Capital outlay | 25,000 | 25,000 | 53,036 | (28,036) |
| Total Old Mill Park and Museum Department | 275,075 | 275,075 | 301,331 | (26,256) |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|-------------------------------------|--------------------|-----------------|---|--|
| 4-H Fair: | | | | |
| Contractual services | \$ 28,000 | \$ 28,000 | \$ 29,316 | \$ (1,316) |
| Commodities | 1,000 | 1,000 | — | 1,000 |
| Capital outlay | 5,000 | 5,000 | — | 5,000 |
| Total 4-H Fair | 34,000 | 34,000 | 29,316 | 4,684 |
| Infant Development Program: | | | | |
| Personal services | 285,610 | 285,610 | 177,731 | 107,879 |
| Contractual services | 98,210 | 98,210 | 88,671 | 9,539 |
| Commodities | 3,800 | 3,800 | 2,064 | 1,736 |
| Capital outlay | 2,750 | 2,750 | 5,076 | (2,326) |
| Total Infant Development Program | 390,370 | 390,370 | 273,542 | 116,828 |
| Other: | | | | |
| Services for the elderly | 300,747 | 300,747 | 300,747 | — |
| Mental health | 173,894 | 173,894 | 173,894 | — |
| Domestic Violence/COVAP | 11,500 | 11,500 | 11,500 | — |
| Special fair | 20,000 | 20,000 | 20,000 | — |
| Soil Conservation | 34,121 | 34,121 | 34,121 | — |
| County Extension | | | | |
| Appropriation | 298,096 | 298,096 | 298,096 | — |
| Joint Airport | 65,000 | 65,000 | 59,120 | 5,880 |
| Economic development | 110,000 | 110,000 | 85,533 | 24,467 |
| Coroner fees | 121,680 | 121,680 | 71,867 | 49,813 |
| Humane Society | 20,500 | 20,500 | 18,000 | 2,500 |
| Ambulance | 630,452 | 630,452 | 630,452 | — |
| STEPMC/Circles | 15,000 | 15,000 | 15,000 | — |

McPHERSON COUNTY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| Other: | | | | |
| Transfers out | \$ 745,000 | \$ 745,000 | \$ 745,000 | \$ — |
| Total Other | <u>2,545,990</u> | <u>2,545,990</u> | <u>2,463,330</u> | <u>82,660</u> |
| Total expenditures, encumbrances and other uses | <u>11,576,083</u> | <u>11,576,083</u> | <u>10,942,808</u> | <u>633,275</u> |
| Revenues and other sources over (under) expenditures, encum- brances and other uses | (176,930) | (176,930) | 2,213,716 | 2,390,646 |
| Fund balance, beginning of year | <u>176,930</u> | <u>176,930</u> | <u>1,144,165</u> | <u>967,235</u> |
| Fund balance, end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 3,357,881</u> | <u>\$ 3,357,881</u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

PUBLIC WORKS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|--------------------|------------------|---|--|
| Revenues: | | | | |
| Taxes | \$ 4,447,087 | \$ 4,447,087 | \$ 4,488,764 | \$ 41,677 |
| Intergovernmental | 955,600 | 955,600 | 969,312 | 13,712 |
| Charges for services | 75 | 75 | 32 | (43) |
| Miscellaneous | 6,000 | 6,000 | 79,948 | 73,948 |
| Use of money and property | 16,000 | 16,000 | 770 | (15,230) |
| Transfers in | — | — | — | — |
| Total revenues | <u>5,424,762</u> | <u>5,424,762</u> | <u>5,538,826</u> | <u>114,064</u> |
| Expenditures, encumbrances and other uses: | | | | |
| Personal services | 2,008,520 | 2,008,520 | 1,904,486 | 104,034 |
| Contractual services | 647,600 | 647,600 | 512,703 | 134,897 |
| Commodities | 2,986,500 | 2,986,500 | 2,856,436 | 130,064 |
| Capital outlay | 918,700 | 918,700 | 406,237 | 512,463 |
| Transfers out | — | — | — | — |
| Total expenditures, encumbrances and other uses | <u>6,561,320</u> | <u>6,561,320</u> | <u>5,679,862</u> | <u>881,458</u> |
| Revenues over (under) expenditures, encumbrances and other uses | (1,136,558) | (1,136,558) | (141,036) | 995,522 |
| Fund balance, beginning of year | <u>1,136,558</u> | <u>1,136,558</u> | <u>1,231,440</u> | <u>94,882</u> |
| Fund balance, end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,090,404</u> | <u>\$ 1,090,404</u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|--------------------|------------------|---|--|
| Revenues: | | | | |
| Taxes | \$ 2,238,924 | \$ 2,238,924 | \$ 2,271,705 | \$ 32,781 |
| Miscellaneous | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total revenues | 2,238,924 | 2,238,924 | 2,271,705 | 32,781 |
| Expenditures: | | | | |
| Personal services | <u>2,647,500</u> | <u>2,647,500</u> | <u>2,478,696</u> | <u>168,804</u> |
| Revenues over (under) expenditures | (408,576) | (408,576) | (206,991) | 201,585 |
| Fund balance, beginning of year | <u>408,576</u> | <u>408,576</u> | <u>629,019</u> | <u>220,443</u> |
| Fund balance, end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 422,028</u> | <u>\$ 422,028</u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

SPECIAL LANDFILL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---------------------------------------|--------------------|-----------------|---|--|
| Revenues: | | | | |
| Taxes | \$ 1,654,000 | \$ 1,654,000 | \$ 1,671,608 | \$ 17,608 |
| Expenditures: | | | | |
| Contractual services | 1,657,000 | 1,657,000 | 1,632,000 | 25,000 |
| Revenues over (under) expenditures | (3,000) | (3,000) | 39,608 | 42,608 |
| Fund balance, beginning of year | 3,000 | 3,000 | 28,470 | 25,470 |
| Fund balance, end of year | \$ — | \$ — | \$ 68,078 | \$ 68,078 |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

December 31, 2019

Assets:

Current assets:

| | |
|---------------------------------------|--------------|
| Cash including short-term investments | \$ 1,451,448 |
|---------------------------------------|--------------|

Liabilities:

Current liabilities:

| | |
|------------------|---------------|
| Accounts payable | <u>66,754</u> |
|------------------|---------------|

| | |
|-----------------------------|----------------------------|
| Net position – unrestricted | <u><u>\$ 1,384,694</u></u> |
|-----------------------------|----------------------------|

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2019

| | |
|---------------------------------|----------------------------|
| Operating revenues: | |
| Employee/employer contributions | \$ 1,724,860 |
| Operating expenses: | |
| Claims from participants | <u>1,572,109</u> |
| Change in net position | 152,751 |
| Net position, beginning of year | <u>1,231,943</u> |
| Net position, end of year | <u><u>\$ 1,384,694</u></u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2019

| | |
|---|----------------------------|
| Cash flow from operating activities: | |
| Cash received for contributions | \$ 1,640,660 |
| Cash payments for claims | <u>(1,542,209)</u> |
| Cash flows provided by operating activities - net increase in cash and cash equivalents | 98,394 |
| Cash and cash equivalents, beginning of year | <u>1,353,054</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 1,451,448</u></u> |
| Reconciliation of operating income to net cash provided for operating activities: | |
| Operating income | \$ 152,751 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | |
| Decrease in accounts payable | <u>(54,357)</u> |
| Net cash provided by operating activities | <u><u>\$ 98,394</u></u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

**STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS**

December 31, 2019

| | |
|----------------------------|-----------------------------|
| Assets: | |
| Cash including investments | \$ 35,242,799 |
| Property tax levied | <u>25,480,534</u> |
| Total assets | <u><u>\$ 60,723,333</u></u> |
| Liabilities: | |
| Accrued liabilities | \$ 28,729 |
| Due to: | |
| Other governmental units | 137,672 |
| Others | 11,163 |
| Taxing districts: | |
| Apportioned taxes | 6,107 |
| Unapportioned taxes | 60,427,235 |
| Case balance deposits | <u>112,427</u> |
| Total liabilities | <u><u>\$ 60,723,333</u></u> |

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

McPherson County, Kansas (County) is organized under the laws of the State of Kansas and operates under a three-member board of commissioners elected from separate districts throughout the County. The County provides services to its citizens in the areas of highways, public improvement, public safety, planning and zoning, health services, recreation facilities and general administrative services.

As required by generally accepted accounting principles, these financial statements present McPherson County, Kansas (the primary government) and its component unit. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component unit

The McPherson County Extension Council provides instruction and practical demonstrations in agriculture, marketing, home economics, 4-H club and youth work, and community and resource development to all persons of McPherson County. The Board of County Commissioners are required by state statute to approve the annual operating budget of the McPherson County Extension Council and levy property taxes, within statutory limitations, for the financing of such budgeted appropriations. The Council's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy and represents over 70% of the McPherson County Extension Council's operating resources. In addition, the County provides the facilities used by McPherson County Extension Council. Complete financial statements for the McPherson County Extension Council may be obtained from the administrative offices of the entity at 600 West Woodside, McPherson, Kansas 67460-0308.

Related organizations

The Board of County Commissioners, by state statute, serves as the governing body of each Fire District established in McPherson County. State statutes further provide that the Board of County Commissioners may appoint a board of not less than three members to serve as the governing body of such District and such board shall have all the powers vested with the Board of County Commissioners. McPherson County has established 10 separate Fire Districts' organized under the provisions of the state statutes discussed above, with all being defined as separate taxing entities. These Fire Districts provide fire protection services principally to the unincorporated areas of the County. Property taxes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are assessed within the benefit districts to provide the resources for the cost of the fire protection services and such levies are established and levied by the respective Fire District Boards'. The Fire District Boards' also have the authority to issue general obligation bonds, which are secured by the full faith and credit of the Fire District.

Basis of presentation

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net position presents the financial condition of the County and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the County.

Fund financial statements

During the year, the County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The County reports the following major governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund.

Public Works Fund – The Public Works Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for public works maintenance operations. Financing is provided from property taxes and motor fuel taxes distributed from the State of Kansas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for the County's portion of social security taxes, Medicare taxes, retirement, worker's compensation insurance and unemployment insurance contributions. Financing is provided by property taxes.

Special Landfill Fund – The Special Landfill Fund is used to account for and report the specific revenue sources that are restricted or committed to expenditure for the operations of the County landfill and solid waste removal from the County. Financing is provided through special assessment tax levies to all property owners in the County.

Highway Improvement Reserve Fund – The Highway Improvement Reserve Fund is used to account for highway improvement and maintenance operations. Financing is provided by transfers from the Public Works Fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes. This fund also receives intergovernmental revenues from shared projects with the State of Kansas and other governmental entities within the County.

The County also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

Internal Service Fund – The Employee Benefit Plan Fund is used to account for and report the financing of health insurance coverage on County employees, which is financed from employee withholdings and County contributions.

Agency Funds – The agency funds are used to report resources held by the County in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The agency funds consist of funds maintained by the County Treasurer for tax collection accounts, tax distribution accounts, motor vehicle fees and sales tax collection accounts, fish and game licenses and park permits and stray animals. In addition, the County maintains agency funds for resources held for the benefit of the McPherson County jail inmates, the McPherson County cafeteria benefit plan, the McPherson County Sheriff's reserve and sales taxes collected by McPherson County to be remitted to the State of Kansas.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between certain County departments that involve different functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The internal service fund activity is eliminated in the government-wide financial statements to avoid duplication of revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the County at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Use of money and property represents earnings from investment of idle funds, rents and sales of unused County property. Accruals for significant amounts of interest earned are recorded as a receivable and interest income at year-end. The remaining use of money and property revenues is generally not susceptible to accrual and is recorded when received in cash.

Budgetary principles

The County is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute) and debt service. Specific special revenue funds exempted from legally adopted budgetary requirements include the Oil & Gas Depletion Trust, Prosecutor Training and Assistance, Law Enforcement Trust and Motor Vehicle Department funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments by the governing body during 2019.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. The County Administrator/Financial Manager has the authority to revise line item budgets within a fund or a department within a fund, however total departmental amendments or individual fund amendments must be approved by the County Commission. The expenditure data presented in the schedules for budgetary comparison represent the original line item budgets approved by the County Commission.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

| | Major Governmental Funds | | | | Other Nonmajor Governmental Funds |
|--|--------------------------|-------------------------|------------------------------|-----------------------------|--|
| | General Fund | Public Works Fund | Employee Benefits Fund | Special Landfill Fund | |
| GAAP Fund Balance at December 31, 2019 | \$5,077,320 | \$ 1,525,115 | \$ 422,028 | \$ 68,078 | \$ 8,599,167 |
| Adjustments: | | | | | |
| Reserved for encumbrances (budgeted funds) | (240,581) | (98,985) | — | — | — |
| Reserved for inventories | — | (335,726) | — | — | — |
| Reserved for self-insurance claims | (1,049,749) | — | — | — | — |
| Accrued sales tax revenues | (429,109) | — | — | — | — |
| Unreserved fund balances not subject to the Kansas Budget law | — | — | — | — | (7,554,053) |
| Budgetary Fund Balance at December 31, 2019 | <u>\$3,357,881</u> | <u>\$ 1,090,404</u> | <u>\$ 422,028</u> | <u>\$ 68,078</u> | <u>\$ 1,045,114</u> |

Cash including short-term investments

Cash balances in all funds are considered in determining the amount to be invested. All investment earnings are credited to the General Fund in accordance with the adopted budget.

Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County.

Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Sales tax receivable

The County has a 1.5% local sales tax with ½ of the 1% sales tax allocated to the cities within the County. The additional .5% was approved by the citizenry in November 2015 to support the three hospitals located in the County with ¾'s of the additional sales tax being

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

allocated to the hospital located in the City of McPherson and the remaining $\frac{1}{4}$ split equally between the hospitals located in the City of Lindsborg and the City of Moundridge. The sales tax is collected by the State and remitted to the County monthly. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end.

Special assessment taxes receivable

Special assessment taxes are levied to every property owner in the County each year and become a lien on the property when assessed on November 1. The amount of levy is determined by the County Commission each year prior to June 1. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Special Landfill Fund and are accrued in the Statement of Net Position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as deferred inflows of resources in the funds statement.

Inventories and prepaid items

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the Public Works Fund represent, sand, salt and asphalt products and other expendable supplies held for consumption.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the government-wide financial statements, rather than in the governmental fund financial statements. The County has capitalized infrastructure assets consisting of bridges, curbs and gutters and drainage systems purchased or constructed since January 1902. Highways and roads purchased or constructed since January 1951 have been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date donated. The County capitalizes capital assets with a value of \$1,000 or more.

Effective January 1, 2009, the County has elected to retroactively report its intangible assets, right-of-way easements, to include all purchases subsequent to December 31, 1990. Intangible assets with indefinite useful lives, such as right-of-way easements, are not amortized under the provisions of Governmental Accounting Standards Board Statement No. 51.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

| <u>Asset Type</u> | <u>Estimated Useful Life</u> |
|-------------------------------------|------------------------------|
| Buildings | 10 to 50 years |
| Improvements other than buildings | 5 to 15 years |
| Machinery and equipment | 3 to 10 years |
| Infrastructure – roads and roadbeds | 5 to 40 years |
| Infrastructure – bridges | 35 to 70 years |

Compensated absences

During 2003, the County implemented a paid time off (PTO) policy to replace the former vacation, sick and bereavement leave policies. PTO hours are earned based on years of service with the County and range from 130 hours per year for employees with less than one year of service to 234 hours per year for employees with fifteen or more years of service. The maximum PTO that may be accumulated as of an employee's anniversary date is 520 hours. At termination of employment, an employee shall be reimbursed for all accumulated PTO time, up to 520 hours, at an amount equal to 100% of the employee's hourly wage at the time of termination.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost-sharing multi-employer statewide pension plan. The County's policy is to fund all pension costs determined annually by the system's actuary.

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. During 1993, the County established the Insurance Reserve Fund to cover deductibles and other liabilities related to its risk of loss for these types of risks.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 1993, the County established a self-insurance health insurance program (Employee Benefits Plan Fund, an internal service fund) for employees for which it retains risk of loss with certain limitations. The County's retained risk is limited through stop loss insurance coverage carried with a commercial insurance carrier. This policy provides for complete insurance coverage after the County has incurred \$100,000 of claims for any individual, in any one plan year, and also limits the County's paid claims to 100% of expected claims computed on a cumulative basis by month for any plan year. All County funds incurring payroll expenditures participate in the program and make payments to the Employee Benefits Plan Fund (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$66,754 at December 31, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount for 2018 and 2019 were as follows:

| | Beginning of Year <u>Liability</u> | Current Year Claims and Changes in <u>Estimates</u> | Claim <u>Payments</u> | Balance at <u>Year end</u> |
|------|---|--|--------------------------|-------------------------------|
| 2018 | \$ 49,741 | \$ 1,632,503 | \$ 1,561,133 | \$ 121,111 |
| 2019 | 121,111 | 1,487,852 | 1,542,209 | 66,754 |

The County reports all other risk management activities in its General Fund. These liabilities would include payments to cover deductibles and other claims not covered through commercial insurance coverage's for property and liability losses. At December 31, 2019 there were no outstanding liabilities for these types of risks. Changes in the reported liability amount for 2018 and 2019 were as follows:

| | Beginning of Year <u>Liability</u> | Current Year Claims and Changes in <u>Estimates</u> | Claim <u>Payments</u> | Balance at <u>Year end</u> |
|------|---|--|--------------------------|-------------------------------|
| 2018 | \$ — | \$ — | \$ — | \$ — |
| 2019 | — | — | — | — |

At December 31, 2019, General Fund cash and short-term investments of \$1,049,749 were held for purposes of funding the County's current accrued liabilities and future claims liabilities. As a result, \$1,049,749 of the General Fund balance is committed for payment of future claims liabilities.

Under Kansas budgetary principles, the County accounts for its self-insurance reserve activities in a separate fund, which is not subject to annual budgetary appropriation. However, the financial statements prepared in accordance with generally accepted

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accounting principles include the County's self-insurance reserve activities in the General Fund.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The County has identified changes in the OPEB and pension liability proportion and differences between expected and actual experience as financial balances that meet the definition of a deferred outflow of resources. In addition, the deferred charges related to the general obligation refunding bond transaction is also identified as a deferred outflow of resources. The County had identified property taxes receivable and pension related items of differences between expected and actual experience, differences between projected and actual investment earnings, change in assumptions and change in pension and OPEB liability proportion as financial balances that meet the definition of deferred inflows of resources.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Invested in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first.
- Unrestricted net position – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed – Assets with a purpose formally imposed by resolution by the Board of County Commissioners, binding unless modified or rescinded by the Board of County Commissioners.
- Assigned – Comprised of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County Commission or (2) a body or official to whom the County Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the County's policies. The County Administrator/Financial Manager has been delegated authority to assign amounts for specific purposes within the County's established policies.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The County has no formal fund balance policy to maintain a minimum unrestricted fund balance fund for any County funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

At December 31, 2019 the County had the following investments:

| <u>Investment Type</u> | <u>Carrying Amount/ Fair Value</u> | <u>Cost</u> | <u>Weighted Average Months to Maturity</u> | <u>Rating</u> |
|--|--|---------------|--|---------------|
| Kansas Municipal Investment Pool – Overnight | \$ 39,802,080 | \$ 39,802,080 | .03 | S&P AAAs/S1+ |

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices. The rating of the County's investments is noted above.

Concentration of credit risk

State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County's allocation of investments as of December 31, 2019, is as follows:

| <u>Investment</u> | <u>Percentage of Investments</u> |
|----------------------------------|--------------------------------------|
| Kansas Municipal Investment Pool | 100% |

The Kansas State Treasurer, under the oversight of the Pooled Money Investment Board, manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant's fair value of their position in the pool is the same as their value of the pool shares. The investments with the Kansas Municipal Investment Pool are not subject to pledged security statutes.

2. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned to the County. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipts issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, Kansas.

At year-end, the carrying amount of the County's deposits was \$13,717,625 with the bank balances of such accounts being \$14,493,306. Of the bank balances, \$2,353,174 was covered by federal depository insurance and the remaining balance of \$12,140,131 was covered by collateral held by the County's custodial banks in joint custody in the name of the County and its banks. The fair value of the pledged securities held by the County's custodial banks was \$13,293,210 at December 31, 2019.

At year-end the carrying amount of the County's discretely presented component unit deposits was \$215,188 with the bank balances of such accounts being \$ 218,525. The bank balances of the County's discretely presented component unit were entirely covered by federal depository insurance at December 31, 2019.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2019, the County had invested \$39,777,967 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2019 is as follows:

| | |
|---|----------------------|
| Cash on hand | \$ 877,166 |
| Carrying amount of deposits – primary government | 13,714,625 |
| Carrying amount of deposits – component unit | 215,188 |
| Carrying amount of investments – primary government | <u>39,777,967</u> |
| Total | <u>\$ 54,584,946</u> |

2. DEPOSITS AND INVESTMENTS (continued)

Amounts per statement of net position:

| | |
|--|----------------------|
| Cash and investments – primary government | \$ 19,126,859 |
| Cash and investments – component unit | 215,288 |
| Cash and investments held in fiduciary funds | <u>35,242,799</u> |
| Total | <u>\$ 54,584,946</u> |

3. CAPITAL ASSETS

A summary of changes in capital assets of the County for the year ended December 31, 2019 is as follows:

| | Balance January 1, <u>2019</u> | <u>Additions</u> | <u>Deletions</u> | Balance December 31, <u>2019</u> |
|--|--------------------------------------|------------------|------------------|--|
| <u>Governmental Activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,795,764 | \$ – | \$ – | \$ 1,795,764 |
| Intangibles | 614,107 | – | – | 614,107 |
| Construction work in progress | <u>1,561,039</u> | <u>2,896,630</u> | <u>189,377</u> | <u>4,268,292</u> |
| Total assets not being depreciated | <u>3,970,910</u> | <u>2,896,630</u> | <u>189,377</u> | <u>6,678,163</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 7,764,050 | – | – | 7,764,050 |
| Improvements other than buildings | 4,830,378 | 114,231 | – | 4,944,609 |
| Infrastructure | 88,231,159 | 2,808,002 | 9,458 | 91,029,703 |
| Machinery and equipment | <u>14,238,422</u> | <u>716,843</u> | <u>114,326</u> | <u>14,840,939</u> |
| Total capital assets being depreciated | <u>115,064,009</u> | <u>3,639,076</u> | <u>123,784</u> | <u>118,579,301</u> |

3. CAPITAL ASSETS (continued)

| | | | | |
|---|----------------------|---------------------|-------------------|----------------------|
| Less accumulated depreciation for: | | | | |
| Buildings | \$ 4,919,766 | \$ 219,761 | \$ — | \$ 5,139,527 |
| Improvements other than buildings | 3,178,631 | 141,347 | — | 3,319,978 |
| Infrastructure | 50,171,304 | 3,179,272 | 9,458 | 53,341,118 |
| Machinery and equipment | <u>10,805,416</u> | <u>897,810</u> | <u>114,326</u> | <u>11,588,900</u> |
| Total accumulated depreciation | <u>69,075,117</u> | <u>4,438,190</u> | <u>123,784</u> | <u>73,389,523</u> |
| Total capital assets being depreciated, net | <u>45,988,892</u> | <u>(799,114)</u> | <u>—</u> | <u>45,189,778</u> |
| Governmental activities capital assets, net | <u>\$ 49,959,802</u> | <u>\$ 2,097,516</u> | <u>\$ 189,377</u> | <u>\$ 51,867,941</u> |

Depreciation expense was charged to function/programs of the primary government as follows:

| | |
|--|---------------------|
| General government | \$ 279,610 |
| Public safety | 429,024 |
| Highways and streets, including infrastructure | 3,655,438 |
| Health and sanitation | 24,748 |
| Culture and recreation | 21,380 |
| Environmental protection | <u>27,990</u> |
| Total depreciation expense – governmental activities | <u>\$ 4,438,190</u> |

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the County for the year ended December 31, 2019:

| | Outstanding January 1, <u>2019</u> | <u>Additions</u> | <u>Deletions</u> | Outstanding December 31, <u>2019</u> | Due Within <u>One Year</u> |
|-------------------------------------|--|------------------|------------------|--|----------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| General obligation bonds | \$ 3,620,000 | \$ — | \$ 550,000 | \$ 3,070,000 | \$ 225,000 |
| Premium on general obligation bonds | 267,160 | — | 31,529 | 235,631 | 30,609 |
| Enhanced 911 System lease | — | 4,000,000 | — | 4,000,000 | 577,092 |
| Net pension liability | 6,035,640 | 577,998 | 710,117 | 5,903,521 | — |
| Compensated absences | 600,762 | 606,314 | 524,904 | 682,172 | 596,013 |

4. LONG-TERM DEBT (continued)

| | Outstanding January 1, 2019 | Additions | Deletions | Outstanding December 31, 2019 | Due Within One Year |
|---|-----------------------------------|---------------------|---------------------|-------------------------------------|---------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Other postemployment Benefits-Disability | \$ 168,191 | \$ 70,197 | \$ 79,878 | \$ 158,510 | \$ — |
| Other postemployment Benefits-Health Insurance | 1,028,749 | 109,299 | 8,100 | 1,129,948 | — |
| | <u>\$11,720,502</u> | <u>\$ 5,363,808</u> | <u>\$ 1,904,528</u> | <u>\$15,179,782</u> | <u>\$ 1,428,714</u> |

General obligation bonds

General obligation bonds are serial bonds to be retired through calendar year 2033. At December 31, 2019 the bonds consist of the following:

| | Interest rates | Bonds outstanding |
|--|-------------------|----------------------|
| General Obligation Refunding and Improvement Bonds, Series 2013 | 2.00% – 4.00% | \$ 210,000 |
| General Obligation Refunding Bonds, Series 2016 | 2.00 – 3.00% | <u>2,860,000</u> |
| | | <u>\$ 3,070,000</u> |

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year | Principal | Interest | Total |
|------|---------------------|-------------------|---------------------|
| 2020 | \$ 225,000 | \$ 89,600 | \$ 314,600 |
| 2021 | 235,000 | 83,000 | 318,000 |
| 2022 | 235,000 | 78,300 | 313,300 |
| 2023 | 245,000 | 71,250 | 316,250 |
| 2024 | 190,000 | 63,900 | 253,900 |
| 2025 | 200,000 | 58,200 | 258,200 |
| 2026 | 200,000 | 52,200 | 252,200 |
| 2027 | 210,000 | 46,200 | 256,200 |
| 2028 | 215,000 | 39,900 | 254,900 |
| 2029 | 210,000 | 33,450 | 243,450 |
| 2030 | 215,000 | 27,150 | 242,150 |
| 2031 | 220,000 | 20,700 | 240,700 |
| 2032 | 230,000 | 14,100 | 244,100 |
| 2033 | <u>240,000</u> | <u>7,200</u> | <u>247,200</u> |
| | <u>\$ 3,070,000</u> | <u>\$ 685,150</u> | <u>\$ 3,755,150</u> |

4. LONG-TERM DEBT (continued)

During 2013, the County issued \$7,050,000 of General Obligation Refunding and Improvement Bonds, Series 2013 bearing interest from 2.00% to 4.00% to provide permanent financing for the solid waste landfill project (\$5,155,000) and to advance refund the County's outstanding General Obligation Refunding Bonds, Series 2004 bonds maturing in 2014 and thereafter (\$1,895,000). The Series 2013 bonds, maturing on August 1, 2021 and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2020, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

During 2016, the County issued \$2,900,000 of General Obligation Refunding Bonds, Series 2016 bearing interest from 2.00% to 3.00% to advance refund the County's outstanding General Obligation Refunding and Improvement Bonds, Series 2013 maturing in 2021 and thereafter (\$2,735,000). The Series 2016 Bonds, maturing on August 1, 2028, and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2028, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

Applicable State statutes limit the outstanding bonded indebtedness of the County to 3% of the assessed value of all tangible taxable property within the County. At December 31, 2019, the County's legal debt margin was \$ 15,347,024.

Lease purchase agreement

The County has entered into lease purchase agreements for financing an enhanced 911 System.

The annual requirements to amortize the capital lease obligations outstanding at December 31, 2019, including interest payments, are as follows:

| <u>Year ending December 31,</u> | |
|------------------------------------|---------------------|
| 2020 | \$ 643,501 |
| 2021 | 643,501 |
| 2022 | 643,501 |
| 2023 | 643,501 |
| 2024 | 643,501 |
| 2025 | 643,501 |
| 2026 | <u>527,564</u> |
| Total minimum lease payments | 4,388,570 |
| Less amounts representing interest | <u>(388,570)</u> |
| Present value of lease payments | <u>\$ 4,000,000</u> |

4. LONG-TERM DEBT (continued)

Net pension liability

The net pension liability is principally liquidated from the County's Employee Benefits Fund.

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The County's projected liability for compensated absences at December 31, 2019 is \$682,171, of which 59% is assignable to the General Fund, 27% to the Public Works Fund and 14% to other nonmajor funds.

Other postemployment benefits

The other postemployment benefit obligation is principally liquidated from the Employee Benefits Fund.

Conduit debt

The County has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the County, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of McPherson County, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2019:

| | Outstanding January 1, 2019 | Additions | Deletions | Outstanding December 31, 2019 |
|---|-----------------------------------|-----------|-----------|-------------------------------------|
| McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2011 – Mid-Kansas Cooperative Association | \$ 5,000,000 | \$ — | \$ — | \$ 5,000,000 |
| McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2014 – Producer AG, LLC | 22,000,000 | — | — | \$ 22,000,000 |
| McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 A – Prairieland Partners | 5,803,525 | — | 571,760 | 5,231,766 |
| McPherson County, Kansas Taxable Industrial Revenue Bonds, Series | | | | |

4. LONG-TERM DEBT (continued)

| | Outstanding January 1, 2019 | Additions | Deletions | Outstanding December 31, 2019 |
|---|-----------------------------------|-------------|---------------------|-------------------------------------|
| 2015 B – Prairieland Partners | \$ 3,000,000 | \$ — | \$ — | \$ 3,000,000 |
| McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Mid-Kansas Cooperating Association | 4,000,000 | — | 4,000,000 | — |
| McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Producer AG, LLC | 14,000,000 | — | — | 14,000,000 |
| | <u>\$ 53,803,525</u> | <u>\$ —</u> | <u>\$ 4,571,760</u> | <u>\$ 49,231,766</u> |

5. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. A summary of 2019 interfund transfers by individual fund is as follows:

| | Transfers In | Transfers Out |
|---|-------------------|-------------------|
| General | \$ 30,920 | \$ 745,000 |
| Total transfers for major funds | <u>30,920</u> | <u>745,000</u> |
| Nonmajor Governmental Funds: | | |
| Motor Vehicle Department | — | 30,920 |
| Capital Improvement Reserve | 500,000 | — |
| Capital Equipment Reserve | <u>245,000</u> | <u>—</u> |
| Total transfers for nonmajor governmental funds | <u>745,000</u> | <u>30,920</u> |
| Total transfers | <u>\$ 775,920</u> | <u>\$ 775,920</u> |

The transfers from the Motor Vehicle Department Fund to General Funds are non-routine transfers to nonmajor governmental funds to increase reserves for anticipated future improvements and equipment replacement costs to be incurred in the respective reserve funds

6. PENSION PLAN

Plan description

The County participates in the Kansas Public Employees Retirement System, a cost sharing multiple employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the County are included in the local employees group.

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org

Benefits provided

Benefits are established by statute and may only be changed by the Legislature. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is

6. PENSION PLAN

then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates are as follows:

| | <u>Actuarial Employer Rate</u> | <u>Statutory Employer Capped Rate</u> |
|--|--|---|
| State employees | 8.28% | 13.21% |
| School employees | 14.59 | 13.21 |
| State/School employees (combined rate) (1) | 13.23 | 13.21 |
| Local government employees | 8.89 | 8.89 |
| Police and Firemen | 22.13 | 22.13 |
| Judges | 14.68 | 14.68 |

6. PENSION PLAN (continued)

- (1) The State/School subgroups are combined into one group for purposes of determining a contribution rate.

Rates shown for KPERS State, School and Judges represent the rates for the fiscal year ending June 30. KPERS Local and KP&F rates are reported for the calendar year.

Member contribution rates as a percentage of eligible compensation in fiscal year 2019 are 6.00% for Public Employees, 7.15% for Police and Firemen, and 6.00% or 2.00% for Judges.

The 2015 Legislature passed and the Governor approved Senate Bill 228, which authorized the issuance of \$1 billion in pension obligation bonds to improve the funding of the state/school group. The bonds were issued in August 2015 and deposited in the trust fund on August 20, 2015. This legislation reset the state/school statutory rate to 10.91%. In fiscal year 2015 for the state/school employer group, the Governor declared an allotment affecting the employer rate for the last two quarters of the fiscal year. The employer rate was reduced from 11.27% to 8.65%.

Employer and nonemployer allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages for each group at June 30, 2019, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the County's proportion was 0.422473%, which was an increase of 0.007114% from its proportion measured at June 30, 2018.

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8% per year, for the cost of service credits granted retroactively when the agencies initially joined the retirement system. As of June 30, 2019, the outstanding balance was \$4,196,871. These payments are due over various time periods up through December 31, 2032.

6. PENSION PLAN (continued)

The 2016 Legislature passed Senate Bill 161 authorizing the delay of \$64.1 million in Fiscal Year 2017 contributions. Repayment is scheduled to be made in a series of twenty annual payments of \$6.4 million which began in Fiscal Year 2018. Senate Sub for HB 2002 authorized the delay of \$194 million in Fiscal Year 2019 school contributions. Repayment is scheduled to be made in a series of twenty annual payments of \$19.4 million beginning in Fiscal Year 2020. These amounts have been set up as receivables, with the balance at June 30, 2019 was \$255,304,367.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2019, the County reported a liability of \$5,903,521 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2019, the County recognized pension expense of \$710,117. At December 31, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| County contributions subsequent to the measurement date | \$ 363,720 | \$ — |
| Differences between expected and actual experience | 12,922 | 148,675 |
| Net difference between projected and actual earnings on pension plan investments | 138,892 | — |
| Changes in assumptions | 180,433 | 11,965 |
| Changes in proportion | <u>71,273</u> | <u>159,088</u> |
| Total | <u>\$ 767,240</u> | <u>\$ 319,728</u> |

The County reported \$363,720 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows or (deferred inflows) of resources and related to pensions will be recognized in pension expense as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2020 | \$ 140,728 |
| 2021 | (74,188) |
| 2022 | 9,280 |
| 2023 | 11,999 |
| 2024 | (4,026) |
| Thereafter | — |

6. PENSION PLAN (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry age normal |
| Inflation | 2.75 percent |
| Salary Increases | 3.50 to 12.00 percent, including price inflation |
| Investment Rate of Return | 7.75 percent compounded annually, net of investment expense, including price inflation |

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 percent to 3.50 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------|--|---|
| Global Equity | 47.00% | 6.85% |
| Fixed Income | 13.00 | 1.25 |
| Yield Driven | 8.00 | 6.55 |
| Real Return | 11.00 | 1.71 |
| Real Estate | 11.00 | 5.05 |

6. PENSION PLAN (continued)

| <u>Asset Class</u> | <u>Long-Term Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--|---|
| Alternatives | 8.00 | 9.85 |
| Short-Term Investments | <u>2.00</u> | (0.25) |
| Total | <u>100.00%</u> | |

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2019 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in 2016 session (SB161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in Fiscal Year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2019, and appropriations for Fiscal Year 2019 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of \$56 million and \$82 million be made to the System. The \$56 million payment was received by the System on June 30, 2018, and recorded as Fiscal Year 2018 contributions. The \$82 million was received July 1, 2019, and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of \$115 million to KPERS, received in March 2019.

6. PENSION PLAN (continued)

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2019 calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

| | June 30, 2019 | | |
|-----------------------|------------------------------|--|------------------------------|
| | 1.00% Decrease (6.75%) | Current Discount Rate (7.75%) | 1.00% Increase (8.75%) |
| Net pension liability | \$8,817,032 | \$5,903,521 | \$3,466,422 |

Special funding situation

The employer contributions for non-public school district schools, as defined in K.S.A. 74-49314 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, area vocational technical schools and community junior colleges, are considered to be in a special funding situation as defined by *Governmental Accounting Standards Board Statement No. 68*. The State is treated as a nonemployer contributing entity in the System. Since these employers do not contribute directly to the System for active employees, there is not net pension liability or deferred inflows or outflows to report in their financial statements for active employees. The notes to their financial statements for these entities must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective net pension expense associated with their employer.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered position per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer.

6. PENSION PLAN (continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

7. OPERATING LEASES

On July 1, 1999, the County purchased an office building located adjacent to the County Courthouse. Certain individuals and organizations rent space in the building on a month-to-month lease arrangement. Total lease rentals from the facility during 2019 were \$29,332.

8. JOINT VENTURES

McPherson Area Solid Waste Utility

Effective July 17, 1991, the County entered into an interlocal agreement, authorized by State statutes, with the eight cities located within McPherson County to form the McPherson Area Solid Waste Utility (the Utility). The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective countywide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of all Members. The Utility is managed by a Board of Directors consisting of 3 Directors. The Directors are selected by the governing bodies of the Members, except that one Director is selected by the small cities within the County. Representation on the Board of Directors is as follows: City of McPherson – 1 Director; McPherson County – 1 Director; and Small Cities – 1 Director.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been placed in escrow for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until its Board of Directors takes such action. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time unless provision has been made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. As discussed in Note 4, the County has provided the financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

8. JOINT VENTURES (continued)

Condensed audited financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2019 is as follows:

| | |
|---|---------------|
| Total assets and deferred outflows of resources | \$ 16,350,311 |
| Total liabilities and deferred inflows of resources | 7,390,698 |
| Total net position | 8,959,613 |
| Total revenue | 6,957,712 |
| Total expenses | 6,384,375 |
| Increase in net position | 573,337 |

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at 1431 17th Avenue, McPherson, Kansas 67460.

McPherson Airport Authority

The McPherson Airport Authority (Authority) is comprised of 5 members with 2 appointed by the Board of County Commissioners, 2 appointed by the McPherson City Commission and 1 appointed at-large by the other four members. Each entity provides ongoing financial responsibility through annual appropriations for the operation of the airport on an equal basis, as determined through the preparation of an annual operating budget. The City of McPherson and McPherson County provide their funding through each entity's General Fund. The Authority does not have bonded indebtedness authority however; either entity may issue general obligation bonds on behalf of the Authority, subject to approval by the qualified electors of the issuing entity. Currently, there is no outstanding indebtedness of either entity for the Authority. The Authority provides for the fiscal management and the day-to-day operations of the airport. Title to certain of the airport property is held by the City of McPherson, McPherson County and also by the McPherson Airport Authority. The County has capitalized its investment in the facility, which is reflected in the statement of net position, in the amount of \$3,573,237. Those capital assets include assets not being depreciated of \$657,000 and assets being depreciated of \$2,916,237, which has accumulated depreciation of \$1,858,630 at December 31, 2019. Complete financial information for the McPherson Airport Authority may be obtained from the administrative offices of the City of McPherson, 400 East Kansas, McPherson, Kansas 67460.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Health Insurance

Plan Description, Benefits Provided and Contributions

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical and dental, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. The funding policy of the County is to pay benefits through its self-insured Employee Benefits Plan Fund.

County retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 75 (GASB Statement No. 75). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a standalone financial report.

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

The contributions of the plan members and the County are established and may be amended by the County Commission. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. County retirees pay 100% of their healthcare premiums; the County is not required to share costs of retiree premiums.

The County's contributions to the plan for the year ended December 31, 2019 were \$1,305,647, of which 86% was paid from the Employee Benefits Fund and 14% from other nonmajor funds. For the year ended December 31, 2018 the County recognized OPEB expense of \$109,299.

Employees covered by benefit terms

As of the valuation date of December 31, 2017, the following employees were covered by the benefit terms:

| | |
|------------------------------|------------|
| Active employees | 127 |
| Retired participants medical | <u>4</u> |
| Total | <u>131</u> |

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Total OPEB liability

The County's total OPEB liability of \$1,129,948 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2017 updated to December 31, 2019 for year end measurements.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included measurement, unless otherwise noted:

| | |
|-----------------------------|--|
| Price inflation | – 2.50 percent |
| Discount rate | – 4.00 percent |
| Salary increases | – 2.50 percent (as selected by the County) |
| Actuarial cost method | – Entry Age Normal |
| Healthcare cost trend rates | |
| Current rate | – 8.00 percent |
| Ultimate rate | – 5.00 percent |
| Year ultimate rate reached | – 2023 |

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RPH-2014 Mortality tables, as appropriate, adjusted to 2006 total Data set Headcount-weighted Mortality.

Changes in the total OPEB liability

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Changes for the year: | |
| Service cost | \$ 76,245 |
| Interest cost | 33,054 |
| Benefit payments | <u>(8,100)</u> |
| Net changes | 101,199 |
| Net OPEB liability at beginning of year | <u>1,028,749</u> |
| Net OPEB liability at end of year | <u>\$ 1,129,948</u> |

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00 percent) or 1 percentage point higher (5.00 percent) than the current discount rate:

| | <u>1.00% Decrease (3.00%)</u> | <u>Current Discount Rate (4.00%)</u> | <u>1.00% Increase (5.00%)</u> |
|-------------------------------|---------------------------------------|--|---------------------------------------|
| County's total OPEB liability | \$1,262,386 | \$1,129,948 | \$1,012,808 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

| | <u>1.00% Decrease</u> | <u>Current Trend Assumption</u> | <u>1.00% Increase</u> |
|-------------------------------|---------------------------|---|---------------------------|
| County's total OPEB liability | \$ 969,090 | \$ 1,129,948 | \$ 1,328,284 |

KPERS Death and Disability OPEB Plan

Plan description

The County participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Accordingly, the Plan is considered to be administered on a pay-as-you go basis. There is no stand-alone financial report for the Plan.

Benefits provided

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Long-term disability benefit

Monthly benefit is 60% of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

Group waiver of premium benefit

Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's annual rate of compensation at the time of the disability or the member's previous 12 months of compensation at the time of the last date of payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefits rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance plan.

Members covered by benefit terms

As of the valuation date of December 31, 2018, the following employees were covered by the benefit terms:

| | |
|------------------|------------|
| Active employees | 167 |
| Disabled members | <u>1</u> |
| Total | <u>168</u> |

Total OPEB liability

The County's total OPEB liability of \$158,510 was measured as of June 30, 2019, and was determined by an actuarial valuation as of December 31, 2018.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included measurement, unless otherwise noted:

| | |
|-------------------------------|--|
| Price inflation | – 2.75 percent |
| Payroll growth | – 3.00 percent |
| Discount rate | – 3.50 percent |
| Salary increases | – 3.50 percent (composed of 2.75 percent inflation and .75 percent productivity) |
| Actuarial cost method | – Entry Age Normal |
| Healthcare cost trend rates | – Not applicable for the coverage in this plan |
| Retiree share of benefit cost | – Not applicable for the coverage in this plan |

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustments for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on an actuarial experience study for the period July 1, 2014 – June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

Changes in the total OPEB liability

| | Total OPEB <u>Liability</u> |
|--|--------------------------------|
| Changes for the year: | |
| Service cost | \$ 24,874 |
| Interest cost | 7,357 |
| Effect of economic/demographic gains or losses | (38,230) |
| Effect of assumptions changes or inputs | 2,326 |

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Benefit payments | \$ (6,008) |
| Net changes | (9,681) |
| Net OPEB liability at beginning of year | <u>168,191</u> |
| Net OPEB liability at end of year | <u>\$ 158,510</u> |

Changes in assumptions

Changes in assumptions and other inputs reflect the effects of changes in the discount rate for each period. The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate:

| | 1.00% Decrease <u>(2.50%)</u> | Current Discount Rate <u>(3.50%)</u> | 1.00% Increase <u>(4.50%)</u> |
|-------------------------------|-------------------------------------|---|-------------------------------------|
| County's total OPEB liability | \$ 164,410 | \$ 158,510 | \$152,048 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERs, but this exhibit is provided as it is a required disclosure under GASB Statement No. 75.

| | 1.00% Decrease | Current Trend Assumption | 1.00% Increase |
|-------------------------------|-------------------|--------------------------------|-------------------|
| County's total OPEB liability | \$ 158,510 | \$ 158,510 | \$ 158,510 |

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of \$16,569. At December 31, 2019 the County reported deferred outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 59,120 | \$ — |
| Changes in assumptions | 4,715 | 2,087 |
| Contributions subsequent to the measurement date | <u>40,913</u> | <u>—</u> |
| Total | <u>\$104,748</u> | <u>\$ 2,087</u> |

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$40,913 consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2020 | \$ (7,591) |
| 2021 | (7,591) |
| 2022 | (7,591) |
| 2023 | (7,591) |
| 2024 | (7,591) |
| 2025 and thereafter | (23,793) |

10. ADVANCE REFUNDING

On July 26, 2016, the County entered into an advance refunding transaction whereby it issued \$2,900,000 of General Obligation Refunding Bonds, Series 2016, with interest rates from 2.00% to 3.00%, to advance refund \$2,735,000 of outstanding General Obligation Refunding and Improvement Bonds, Series 2013 with interest rates from 3.00% to 4.00%. Proceeds from the Series 2016 Bonds, including the net premium received thereon, in the amount of \$240,108, were placed in an irrevocable trust with the County's escrow paying agent, the Security Bank of Kansas City, Kansas City, Kansas, to provide for the principal amount and interest to the call date, August 1, 2020, to advance refund the General Obligation Refunding and Improvement Bonds, Series 2013 maturing on August 1, 2021 to August 1, 2033.

10. ADVANCE REFUNDING (continued)

The County entered into the refunding transaction for the Series 2016 General Obligation Refunding Bonds to reduce its total debt service payments over the next 13 years by \$120,669 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$110,487.

11. TAX ABATEMENTS

In the current year, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements.

McPherson County issues two types of tax abatements: (1) Economic Development Tax Exemption (EDX) and (2) Industrial Revenue Bond Exemption (IRB). EDX authority is given to local units of government in Article II, Section 13 of the Kansas Constitution. IRB exemptions authority is K.S.A. 12-1740 et. seq. Eligible properties for economic development tax exemptions are new or existing business engaged in manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce.

The County's Tax Exemption Policy allows tax abatements that meet the guidelines for EDX and IRB tax exemptions under Kansas law. The County considers granting an exemption incentive upon a clear and factual showing of direct economic benefit to the County or City in which the property is located. Factors considered in determining the amount and term of a tax exemption incentive include, but not limited to: increased employment and earnings, additional revenues from new or expanded business, types of jobs created, degree to which the business improves diversification of the economy, potential for future expansion and additional job creation, utilization of local products or materials in manufacturing and the additional direct and indirect public costs for additional infrastructure. All applications require a Cost Benefit Analysis per Kansas regulations, which can be prepared by an independent consultant or Kansas Department of Commerce.

The business is required to report any change in ownership of exempt assets which requires a new application for property tax exemption.

There is an annual requirement that the business submit an Annual Claim for Exemption from Property Taxation form with the County Appraiser. The annual review of the business report by the County is to insure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption incentive shall continue to exist.

All applications and records pertaining to a property tax exemption request shall be subject to the provisions of the Kansas Open Records Act. Any business records or information eligible to remain confidential will be kept confidential only if requested by the applicant.

11. TAX ABATEMENTS (continued)

The County has no provisions to recapture abated taxes if the business does not meet initial new employment or salary estimates used in the preparation of the initial Cost Benefit Analysis. If the use changes to another qualifying use the annual tax abatement will most likely continue following review of the Annual Claim for Exemption Form. The tax abatement incentive is cancelled for any business that ceases to operate or no longer is considered an eligible property.

Property tax incentives issued by McPherson County are abated based on the new or expanded costs of improvements at 100% of the cost of the improvements. Per Kansas law, machinery and equipment placed in use by a business after June 30, 2006 is exempt from ad valorem taxes.

The County has made no commitments others than reduced taxes to business receiving tax abatement incentives.

McPherson County negotiates property tax abatement agreements on an individual basis. The abated taxes reflect the amounts that would have been levied on behalf of the County on the 2018 tax roll to fund expenditures during the calendar year 2019 were it not for an exemption.

A summary of economic development tax abatements for 2019 is as follows:

| <u>Location of Exempt Property</u> | <u>Amount</u> |
|------------------------------------|--------------------|
| IRB Tax Abatements: | |
| County | \$ 362,100 |
| Cities | <u>26,123</u> |
| Total IRB Abated Taxes | <u>388,223</u> |
| EDX Tax Abatements: | |
| County | 594,463 |
| Cities | <u>49,073</u> |
| Total EDX Abated Taxes | <u>643,536</u> |
| RHID Tax Abatements: | |
| Cities | 52,847 |
| NRD Tax Abatements: | |
| Cities | <u>—</u> |
| Total abatements | <u>\$1,084,606</u> |

12. COMMITMENTS AND CONTINGENCIES

Landfill

The McPherson Area Solid Waste Utility (the Utility), of which McPherson County is a member (Note 8), is subject to State and federal laws and regulations which require the Utility to place a final cover on the present landfill site when it discontinues accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Utility is responsible for operating and other costs including closure and post closure costs while it is in existence. At December 31, 2019, the Utility has accrued \$1,619,156 for closure and post-closure costs. The municipal solid waste landfill operations were suspended during 2001 with the final closure of this portion of the landfill being completed during 2002. The Kansas Department of Health and Environment (KDHE) has approved the County's new Subtitle D landfill facility with one active cell being opened during 2014.

Regulations require that the Utility demonstrate financial strength of local governments (members) by financial test, or the substitution of a trust fund, letter of credit, surety bond or insurance policy to meet the estimated costs to be incurred for closure and post closure of the landfill. Although the Utility assumed responsibility for the operating and other costs, including closure and post closure costs, McPherson County, as the "owner" of the landfill, must ultimately demonstrate compliance with the financial assurance regulations. The County's distributions to the Utility for 2019 and 2018 (funded through special assessments on real property in the County) were \$1,632,000 and \$1,633,000, respectively, in each year. The County is in contact with KDHE with the understanding that the 2018 and 2019 financial test information will be submitted upon the completion of the respective audits. The 2018 and 2019 financial test information will be submitted in March 2021. Based on the financial condition of the County for years ended December 31, 2018 and December 31, 2019 the County is confident they will meet the environmental obligations of the financial test. Any possible contributions by Utility Members required to fund post closure requirements is not determinable at this time. Any such contributions required to be made by McPherson County could be funded through special assessments on real property in the County, through the issuance of general obligation bonds, through current resources available to the County, or any combination thereof.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the County Commissioners approved the purchase of aerial photography equipment for the County Appraiser in the amount of \$127,320. The Sheriff's department was approved to purchase mobile data terminals for each patrol vehicle for a total cost of \$114,034. Bids accepted and approved by the Board of County Commissioners for the construction of three bridges and guardrails totaling \$1,139,775 and other departments vehicles and equipment purchases totaling \$83,347.

Management has evaluated subsequent events through March 5, 2021, the date on which the financial statements were available to be issued.

The COVID-19 coronavirus pandemic has created economic uncertainties that may negatively impact the County's financial position. The ultimate impact of the ongoing pandemic on the County's financial position is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

McPHERSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Change in the County's
Health Insurance Total OPEB Liability and Related Ratios
Last Two Years ***

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 76,245 | \$ 76,245 |
| Interest | 33,054 | 33,054 |
| Benefit payments | <u>(8,100)</u> | <u>(8,100)</u> |
| Net change in total OPEB liability | 101,199 | 101,199 |
| Total OPEB liability - beginning of year | <u>1,028,749</u> | <u>927,550</u> |
| Total OPEB liability - end of year | <u><u>\$ 1,129,948</u></u> | <u><u>\$ 1,028,749</u></u> |
| Covered payroll | \$ 8,217,348 | \$ 7,958,853 |
| County's total OPEB liability as a percentage of covered payroll | 13.75% | 12.93% |

* – Governmental Accounting Standards Board Statements No. 75 requires presentation of ten years. Additional years will be reported as they become available.

MCPHERSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
KPERS PENSION PLAN

| Schedule of County's Proportionate Share of the Net Pension Liability and Related Ratios Last Six Years * | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| County's proportionate percentage of the net pension liability | 0.422473% | 0.433038% | 0.429587% | 0.436539% | 0.425974% |
| County's proportionate share of the net pension liability | \$ 5,903,521 | \$ 6,035,640 | \$ 6,222,377 | \$ 6,753,387 | \$ 5,593,227 |
| County's covered employee payroll | \$ 7,591,136 | \$ 7,782,944 | \$ 7,942,612 | \$ 7,606,634 | \$ 6,871,477 |
| County's proportionate share of the net pension liability as a percentage of its covered employee payroll | 77.77% | 77.55% | 78.34% | 88.78% | 81.40% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.02% | 74.22% | 72.16% | 68.55% | 71.98% |
| | | | | | 79.02% |
| | | | | | 72.56% |

| Schedule of County's Contributions Last Six Years * | | | | |
|--|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2017 | 2016 |
| Contractually required contribution | \$ 710,117 | \$ 644,524 | \$ 656,885 | \$ 687,084 |
| Contributions in relation to the contractually required contribution | (710,117) | (644,524) | (656,885) | (687,084) |
| Contribution deficiency (excess) | \$ — | \$ — | \$ — | \$ — |
| County's covered employee payroll | \$ 7,987,807 | \$ 7,652,166 | \$ 7,764,603 | \$ 7,483,354 |
| Contributions as a percentage of covered employee payroll | 8.89% | 8.39% | 8.46% | 9.18% |
| | | | | 9.48% |
| | | | | 8.84% |

* — Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

McPHERSON COUNTY, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
KPERS LONG-TERM DISABILITY PLAN

**Schedule of Change in the County's
Disability Total OPEB Liability and Related Ratios
Last Two Years ***

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|
| Total OPEB Liability | | |
| Service Cost | \$ 24,874 | \$ 24,715 |
| Interest | 7,357 | 7,169 |
| Effect of economic/demographic gains or losses | (38,230) | (31,275) |
| Effect of assumption changes or inputs | 2,326 | (2,048) |
| Benefit payments | <u>(6,008)</u> | <u>(11,707)</u> |
| Net change in total OPEB liability | (9,681) | (13,146) |
| Total OPEB liability - beginning of year | <u>168,191</u> | <u>181,337</u> |
| Total OPEB liability - end of year | <u><u>\$ 158,510</u></u> | <u><u>\$ 168,191</u></u> |
| Covered payroll | \$ 8,217,348 | \$ 7,958,853 |
| County's total OPEB liability as a percentage of covered payroll | 1.93% | 2.11% |

* – Governmental Accounting Standards Board Statements No. 75 requires presentation of ten years. Additional years will be reported as they become available.

Changes in assumptions: Discount rate changed from 3.87% in 2018 to 3.50% in 2019.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Community Corrections Fund – to account for the resources provided through federal and state assistance programs utilized for the development, implementation, operation and improvement of community correctional services for McPherson and Harvey Counties.

Health Fund – to account for the operations of public health services. Financing is provided by property taxes and through state assistance programs.

Noxious Weeds Fund – to account for the operations of the Noxious Weed Department for the control and eradication of noxious weeds. Financing is provided through property taxes and sales of chemicals to County residents.

Special Alcohol Fund – to account for alcohol abuse services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Special Parks and Recreation Fund – to account for park and recreation services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Court Trustee Fund – to account for the activities related to the District Court appointed trustee for the enforcement of support imposed by any court order, decree or judgment for child support and maintenance.

Technology – Register of Deeds Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the Register of Deeds office.

Cellular 911 Telephone Tax Fund – to account for the fees charged to County telephone subscribers under provisions of the “Kansas 911 Act” and such fees shall be used for implementation of 911 services, purchase of 911 equipment, maintenance and license fees for 911 equipment, training of personnel, monthly reoccurring charges billed by service providers, capital improvements and equipment or other physical enhancements to the 911 system, and the original acquisition and installation of road signs designed to aid in the delivery of emergency service.

Community Developmental Disability Organization (CDDO) Fund – the CDDO functions as the point of entry for services and determines eligibility for individuals needing services. The CDDO ensures that service providers comply with rules and regulations concerning individual rights and responsibilities, health, nutrition, record keeping and person centered support planning. Resources are provided by State grant proceeds and charges for services rendered.

Technology – County Treasurer Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Treasurer's office.

Technology – County Clerk Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Clerk's office.

Oil and Gas Depletion Trust Fund – This fund holds excise tax on the production of oil and gas within the County. For any tax year that the oil and gas leasehold ad valorem valuation of the County is less than 50% of the oil and gas valuation of the County for the second succeeding tax year which commences January 1 following the end of the fiscal year in which the County had \$100,000 or more in receipts of the excise tax production, the Kansas Property Tax Valuation Division shall certify such oil and gas amounts and authorize the County Treasurer to release 20% of the moneys credited to the County's Oil and Gas Depletion Trust Fund to the County General Fund.

Prosecutor's Training and Assistance Fund – to account for the operations of conducting a continuing legal education program exclusively for duties as a prosecuting attorney. Financing is provided through fees levied on cases prosecuted by the District Court.

Law Enforcement Trust Fund – to account for the sale of property seized through law enforcement proceedings by the Sheriff's Department.

Motor Vehicle Department Fund – to account for the operations of the Motor Vehicle License Department. Financing is provided from fees collected on motor vehicle registration renewals and are established by State statute.

NONMAJOR CAPITAL PROJECT FUNDS

Landfill Remediation Reserve Fund – to accumulate resources to be used for remediation costs of the closed portion of the County's landfill.

Capital Improvement Reserve Fund – to accumulate resources to be used for new or replacement facilities and improvements. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Capital Equipment Reserve Fund – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Highway Machinery and Equipment Reserve Fund – to account for acquisitions of highway building machinery and equipment. Financing is provided for by transfers from the Road and Bridge fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes.

Noxious Weed Capital Reserve Fund – to accumulate resources to be used for new or replacement equipment employed in the control and eradication of noxious weeds. Financing is provided through annual transfers that must be budgeted from the Noxious Weeds fund.

War Memorial Fund – to account for the maintenance of a war memorial established in McPherson County. Financing is provided through contributions and interest earnings on idle moneys.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term general obligation debt of governmental funds.

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

| | <u>Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Capital Project Funds</u> | <u>Total</u> |
|---|--------------------------------------|----------------------------------|--------------------------------------|----------------------------|
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 1,303,064 | \$ 8,911 | \$ 7,336,377 | \$ 8,648,352 |
| Property tax receivable | 289,161 | – | – | 289,161 |
| Other accounts receivable | 52,594 | – | – | 52,594 |
| Due from other governmental units | <u>3,454</u> | <u>–</u> | <u>–</u> | <u>3,454</u> |
| Total | <u><u>\$ 1,648,273</u></u> | <u><u>\$ 8,911</u></u> | <u><u>\$ 7,336,377</u></u> | <u><u>\$ 8,993,561</u></u> |
| <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Salaries and wages payable | \$ 77,650 | \$ – | \$ – | \$ 77,650 |
| Accounts payable | <u>27,583</u> | <u>–</u> | <u>–</u> | <u>27,583</u> |
| Total liabilities | <u>105,233</u> | <u>–</u> | <u>–</u> | <u>105,233</u> |
| Deferred inflows of resources: | | | | |
| Property taxes receivable | <u>289,161</u> | <u>–</u> | <u>–</u> | <u>289,161</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| General government | 278,165 | – | – | 278,165 |
| Public safety | 503,139 | – | – | 503,139 |
| Health and welfare | 338,831 | – | – | 338,831 |
| Environmental protection | 95,763 | – | – | 95,763 |
| Culture and recreation | 37,981 | – | – | 37,981 |
| Debt service | – | 8,911 | – | 8,911 |
| Committed: | | | | |
| Capital improvements | – | – | 5,062,471 | 5,062,471 |
| Environmental protection | – | – | 1,357,981 | 1,357,981 |
| Highway improvements | <u>–</u> | <u>–</u> | <u>915,925</u> | <u>915,925</u> |
| Total fund balances | <u>1,253,879</u> | <u>8,911</u> | <u>7,336,377</u> | <u>8,599,167</u> |
| Total liabilities, deferred inflows and fund balances | <u><u>\$ 1,648,273</u></u> | <u><u>\$ 8,911</u></u> | <u><u>\$ 7,336,377</u></u> | <u><u>\$ 8,993,561</u></u> |

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2019

| | Special Revenue Funds | Debt Service Fund | Capital Project Funds | Total |
|--------------------------------------|-----------------------------|-------------------------|-----------------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 585,603 | \$ — | \$ — | \$ 585,603 |
| Intergovernmental | 1,483,542 | 655,950 | — | 2,139,492 |
| Licenses and permits | 397,033 | — | — | 397,033 |
| Charges for services | 762,598 | — | — | 762,598 |
| Use of money and property | — | — | — | — |
| Other | — | — | 10,633 | 10,633 |
| Total revenues | <u>3,228,776</u> | <u>655,950</u> | <u>10,633</u> | <u>3,895,359</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 347,544 | — | — | 347,544 |
| Public safety | 1,753,360 | — | — | 1,753,360 |
| Culture and recreation | 6,830 | — | — | 6,830 |
| Environmental protection | 228,147 | — | — | 228,147 |
| Health and welfare | 1,086,996 | — | — | 1,086,996 |
| Capital outlay | — | — | 1,539,808 | 1,539,808 |
| Debt Service | — | 655,950 | — | 655,950 |
| Total expenditures | <u>3,422,877</u> | <u>655,950</u> | <u>1,539,808</u> | <u>5,618,635</u> |
| Expenditures over revenues | <u>(194,101)</u> | <u>—</u> | <u>(1,529,175)</u> | <u>(1,723,276)</u> |
| Other financing sources (uses): | | | | |
| Capital lease proceeds | — | — | 4,000,000 | 4,000,000 |
| Transfers in | — | — | 745,000 | 745,000 |
| Transfers out | <u>(30,920)</u> | <u>—</u> | <u>—</u> | <u>(30,920)</u> |
| Total other financing sources (uses) | <u>(30,920)</u> | <u>—</u> | <u>4,745,000</u> | <u>4,714,080</u> |
| Net change in fund balances | (225,021) | — | 3,215,825 | 2,990,804 |
| Fund balances, beginning of year | <u>1,478,900</u> | <u>8,911</u> | <u>4,120,552</u> | <u>5,608,363</u> |
| Fund balances, end of year | <u>\$ 1,253,879</u> | <u>\$ 8,911</u> | <u>\$ 7,336,377</u> | <u>\$ 8,599,167</u> |

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2019

| | Community Corrections | Health | Noxious Weeds | Special Alcohol | Special Parks and Recreation | Court Trustee | Technology - Register of Deeds | Cellular 911 Telephone Tax | Community Developmental Disability Organization | Technology - County Treasurer | Technology - County Clerk | Oil & Gas Depletion Trust | Prosecutor Training And Assistance | Law Enforcement Trust | Motor Vehicle Department | Total Nonmajor Special Revenue Funds |
|--|-----------------------|-------------------|-------------------|-----------------|------------------------------|-------------------|--------------------------------|----------------------------|---|-------------------------------|---------------------------|---------------------------|------------------------------------|-----------------------|--------------------------|--------------------------------------|
| ASSETS | | | | | | | | | | | | | | | | |
| Cash Including short-term Investments | \$ 198,076 | \$ 229,155 | \$ 100,388 | \$ 6,397 | \$ 37,981 | \$ 127,195 | \$ 80,954 | \$ 208,329 | \$ 62,518 | \$ 2,247 | \$ 18,737 | \$ 139,645 | \$ 5,378 | \$ 36,387 | \$ 49,677 | \$ 1,303,064 |
| Property tax receivable | - | 65,463 | 167,191 | - | - | - | - | - | 56,507 | - | - | - | - | - | - | 289,161 |
| Other accounts receivable | - | 52,594 | - | - | - | - | - | - | - | - | - | - | - | - | - | 52,594 |
| Due from other governmental units | - | 3,454 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,454 |
| Total | \$ 198,076 | \$ 350,666 | \$ 267,579 | \$ 6,397 | \$ 37,981 | \$ 127,195 | \$ 80,954 | \$ 208,329 | \$ 119,025 | \$ 2,247 | \$ 18,737 | \$ 139,645 | \$ 5,378 | \$ 36,387 | \$ 49,677 | \$ 1,648,273 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | | | | |
| Accounts payable | \$ 23,608 | \$ 373 | \$ 484 | \$ - | \$ - | \$ 224 | \$ - | \$ 726 | \$ - | \$ - | \$ - | \$ - | \$ 316 | \$ - | \$ 1,852 | \$ 27,583 |
| Accrued payroll | 33,167 | 14,914 | 4,141 | - | - | 14,185 | - | - | - | - | - | - | - | - | 11,243 | 77,650 |
| Total liabilities | 56,775 | 15,287 | 4,625 | - | - | 14,409 | - | 726 | - | - | - | - | 316 | - | 13,095 | 105,233 |
| Deferred inflows of resources: | | | | | | | | | | | | | | | | |
| Property taxes receivable | - | 65,463 | 167,191 | - | - | - | - | - | 56,507 | - | - | - | - | - | - | 289,161 |
| Fund Balances: | | | | | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | 80,954 | - | - | 2,247 | 18,737 | 139,645 | - | - | 36,582 | 278,165 |
| Public safety | 141,301 | - | - | - | - | 112,786 | - | 207,603 | - | - | - | - | 5,062 | 36,387 | - | 503,139 |
| Health and welfare | - | 269,916 | - | 6,397 | - | - | - | - | 62,518 | - | - | - | - | - | - | 338,831 |
| Environmental protection | - | - | 95,763 | - | - | - | - | - | - | - | - | - | - | - | - | 95,763 |
| Culture and recreation | - | - | - | - | 37,981 | - | - | - | - | - | - | - | - | - | - | 37,981 |
| Total fund balances | 141,301 | 269,916 | 95,763 | 6,397 | 37,981 | 112,786 | 80,954 | 207,603 | 62,518 | 2,247 | 18,737 | 139,645 | 5,062 | 36,387 | 36,582 | 1,253,879 |
| Total liabilities, deferred inflows and fund balances | \$ 198,076 | \$ 350,666 | \$ 267,579 | \$ 6,397 | \$ 37,981 | \$ 127,195 | \$ 80,954 | \$ 208,329 | \$ 119,025 | \$ 2,247 | \$ 18,737 | \$ 139,645 | \$ 5,378 | \$ 36,387 | \$ 49,677 | \$ 1,648,273 |

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year ended December 31, 2019

| | Community Corrections | Health | Noxious Weeds | Special Alcohol | Special Parks and Recreation | Court Trustee | Technology – Register of Deeds | Cellular 911 Telephone Tax | Community Developmental Disability Organization | Technology – County Treasurer | Technology – County Clerk | Oil & Gas Depletion Trust | Prosecutor Training and Assistant | Law Enforcement Trust | Motor Vehicle Department | Total Nonmajor Special Revenue Funds |
|--------------------------------------|-----------------------|------------|---------------|-----------------|------------------------------|---------------|--------------------------------|----------------------------|---|-------------------------------|---------------------------|---------------------------|-----------------------------------|-----------------------|--------------------------|--------------------------------------|
| Revenues: | | | | | | | | | | | | | | | | |
| Taxes | \$ - | \$ 95,500 | \$ 205,327 | \$ - | \$ - | \$ - | \$ - | \$ 223,532 | \$ 61,244 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 585,603 |
| Intergovernmental | 1,050,446 | 141,223 | - | 9,407 | 4,918 | - | - | - | 277,548 | - | - | - | - | - | - | 1,483,542 |
| Licenses and permits | - | - | - | - | - | 338,922 | 38,741 | - | - | 9,685 | 9,685 | - | - | - | - | 397,033 |
| Charges for services | 41,017 | 322,309 | 70,283 | - | - | - | - | - | - | - | - | - | 2,904 | 503 | 325,582 | 762,598 |
| Use of money and property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | 1,091,463 | 559,032 | 275,610 | 9,407 | 4,918 | 338,922 | 38,741 | 223,532 | 338,792 | 9,685 | 9,685 | - | 2,904 | 503 | 325,582 | 3,228,776 |
| Expenditures: | | | | | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | 24,422 | - | - | 16,549 | 4,645 | - | - | - | 301,928 | 347,544 |
| Public Safety | 1,067,684 | - | - | - | - | 335,009 | - | 347,650 | - | - | - | - | 1,780 | 1,237 | - | 1,753,360 |
| Culture and recreation | - | - | - | - | 6,830 | - | - | - | - | - | - | - | - | - | - | 6,830 |
| Environmental protection | - | - | 228,147 | - | - | - | - | - | - | - | - | - | - | - | - | 228,147 |
| Health and welfare | - | 682,271 | - | 16,000 | - | - | - | - | 388,725 | - | - | - | - | - | - | 1,086,996 |
| Total expenditures | 1,067,684 | 682,271 | 228,147 | 16,000 | 6,830 | 335,009 | 24,422 | 347,650 | 388,725 | 16,549 | 4,645 | - | 1,780 | 1,237 | 301,928 | 3,422,877 |
| Revenues over (under) expenditures | 23,779 | (123,239) | 47,463 | (6,593) | (1,912) | 3,913 | 14,319 | (124,118) | (49,933) | (6,864) | 5,040 | - | 1,124 | (734) | 23,654 | (194,101) |
| Other financing uses – transfers out | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers Out | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (30,920) | (30,920) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (30,920) | (30,920) |
| Net change in fund balances | 23,779 | (123,239) | 47,463 | (6,593) | (1,912) | 3,913 | 14,319 | (124,118) | (49,933) | (6,864) | 5,040 | - | 1,124 | (734) | (7,266) | (225,021) |
| Fund balances, beginning of year | 117,522 | 393,155 | 48,300 | 12,990 | 39,893 | 108,873 | 66,635 | 331,721 | 112,451 | 9,111 | 13,697 | 139,645 | 3,938 | 37,121 | 43,848 | 1,478,900 |
| Fund balances, end of year | \$ 141,301 | \$ 269,916 | \$ 95,763 | \$ 6,397 | \$ 37,981 | \$ 112,786 | \$ 80,954 | \$ 207,603 | \$ 62,518 | \$ 2,247 | \$ 18,737 | \$ 139,645 | \$ 5,062 | \$ 36,387 | \$ 36,582 | \$ 1,253,879 |

McPHERSON COUNTY, KANSAS

COMMUNITY CORRECTIONS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Intergovernmental - State | \$ 993,258 | \$ 993,258 | \$ 1,050,446 | \$ 57,188 |
| Charges for services | 45,000 | 45,000 | 41,017 | (3,983) |
| Transfers In | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total revenues | <u>1,038,258</u> | <u>1,038,258</u> | <u>1,091,463</u> | <u>53,205</u> |
| Expenditures: | | | | |
| Personal services | 870,350 | 870,350 | 761,702 | 108,648 |
| Contractual services | 190,000 | 190,000 | 291,824 | (101,824) |
| Commodities | 16,181 | 16,181 | 14,158 | 2,023 |
| Capital outlay | <u>1,000</u> | <u>1,000</u> | <u>—</u> | <u>1,000</u> |
| Total expenditures | <u>1,077,531</u> | <u>1,077,531</u> | <u>1,067,684</u> | <u>9,847</u> |
| Revenues over (under) | | | | |
| expenditures | (39,273) | (39,273) | 23,779 | 63,052 |
| Fund balance, beginning of year | <u>57,288</u> | <u>57,288</u> | <u>117,522</u> | <u>60,234</u> |
| Fund balance, end of year | <u><u>\$ 18,015</u></u> | <u><u>\$ 18,015</u></u> | <u><u>\$ 141,301</u></u> | <u><u>\$ 123,286</u></u> |

McPHERSON COUNTY, KANSAS

HEALTH FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|------------------------------------|--------------------|-----------------|---|--|
| Revenues: | | | | |
| Taxes | \$ 94,397 | \$ 94,397 | \$ 95,500 | \$ 1,103 |
| Intergovernmental | 168,830 | 168,830 | 141,223 | (27,607) |
| Charges for services | 268,100 | 268,100 | 322,309 | 54,209 |
| Miscellaneous | 500 | 500 | — | (500) |
| Total revenues | <u>531,827</u> | <u>531,827</u> | <u>559,032</u> | <u>27,205</u> |
| Expenditures: | | | | |
| Personal services | 444,056 | 444,056 | 318,317 | 125,739 |
| Contractual services | 258,070 | 258,070 | 274,459 | (16,389) |
| Commodities | 22,400 | 22,400 | 19,496 | 2,904 |
| Capital outlay | 24,800 | 24,800 | 69,998 | (45,198) |
| Total expenditures | <u>749,326</u> | <u>749,326</u> | <u>682,270</u> | <u>67,056</u> |
| Revenues over (under) expenditures | (217,499) | (217,499) | (123,238) | 94,261 |
| Fund balance, beginning of year | <u>217,499</u> | <u>217,499</u> | <u>393,154</u> | <u>175,655</u> |
| Fund balance, end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 269,916</u> | <u>\$ 269,916</u> |

McPHERSON COUNTY, KANSAS

NOXIOUS WEEDS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|--------------------|-----------------|---|--|
| Revenues: | | | | |
| Taxes | \$ 203,621 | \$ 203,621 | \$ 205,327 | \$ 1,706 |
| Sale of chemicals and labor | 110,000 | 110,000 | 70,283 | (39,717) |
| Use of money and property | 120 | 120 | – | (120) |
| Total revenues | 313,741 | 313,741 | 275,610 | (38,131) |
| Expenditures and other uses: | | | | |
| Personal services | 115,000 | 115,000 | 115,247 | (247) |
| Contractual services | 25,440 | 25,440 | 20,568 | 4,872 |
| Commodities | 162,350 | 162,350 | 90,979 | 71,371 |
| Capital outlay | 500 | 500 | 1,353 | (853) |
| Transfers out | 24,000 | 24,000 | – | 24,000 |
| Total expenditures and other uses | 327,290 | 327,290 | 228,147 | 99,143 |
| Revenues over (under) expenditures and other uses | (13,549) | (13,549) | 47,463 | 61,012 |
| Fund balance, beginning of year | 13,549 | 13,549 | 48,300 | 34,751 |
| Fund balance, end of year | \$ – | \$ – | \$ 95,763 | \$ 95,763 |

McPHERSON COUNTY, KANSAS

SPECIAL ALCOHOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|------------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Intergovernmental | \$ 10,500 | \$ 10,500 | \$ 9,407 | \$ (1,093) |
| Expenditures: | | | | |
| Contractual services | <u>16,000</u> | <u>16,000</u> | <u>16,000</u> | <u>—</u> |
| Revenues over (under) expenditures | (5,500) | (5,500) | (6,593) | (1,093) |
| Fund balance, beginning of year | <u>10,819</u> | <u>10,819</u> | <u>12,990</u> | <u>2,171</u> |
| Fund balance, end of year | <u><u>\$ 5,319</u></u> | <u><u>\$ 5,319</u></u> | <u><u>\$ 6,397</u></u> | <u><u>\$ 1,078</u></u> |

McPHERSON COUNTY, KANSAS

SPECIAL PARKS AND RECREATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Actual Final Budget</u> | <u>Variance With Final Amounts Budgetary Basis</u> | <u>Budget Positive (Negative)</u> |
|------------------------------------|----------------------------|------------------------------------|--|---|
| Revenues: | | | | |
| Intergovernmental | \$ 6,250 | \$ 6,250 | \$ 4,918 | \$ (1,332) |
| Expenditures: | | | | |
| Contractual services | <u>20,000</u> | <u>20,000</u> | <u>6,830</u> | <u>13,170</u> |
| Revenues over (under) expenditures | (13,750) | (13,750) | (1,912) | 11,838 |
| Fund balance, beginning of year | <u>23,894</u> | <u>23,894</u> | <u>39,893</u> | <u>15,999</u> |
| Fund balance, end of year | <u><u>\$ 10,144</u></u> | <u><u>\$ 10,144</u></u> | <u><u>\$ 37,981</u></u> | <u><u>\$ 27,837</u></u> |

McPHERSON COUNTY, KANSAS

COURT TRUSTEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------------|----------------------------|--------------------------|---|---|
| Revenues: | | | | |
| Licenses and fees | <u>\$ 328,000</u> | <u>\$ 328,000</u> | <u>\$ 338,922</u> | <u>\$ 10,922</u> |
| Expenditures: | | | | |
| Personal services | 292,293 | 292,293 | 295,688 | (3,395) |
| Contractual services | 22,600 | 22,600 | 26,007 | (3,407) |
| Commodities | 8,200 | 8,200 | 13,204 | (5,004) |
| Capital outlay | <u>5,900</u> | <u>5,900</u> | <u>110</u> | <u>5,790</u> |
| Total expenditures | <u>328,993</u> | <u>328,993</u> | <u>335,009</u> | <u>(6,016)</u> |
| Revenues over (under) expenditures | (993) | (993) | 3,913 | 4,906 |
| Fund balance, beginning of year | <u>123,095</u> | <u>123,095</u> | <u>108,873</u> | <u>(14,222)</u> |
| Fund balance, end of year | <u><u>\$ 122,102</u></u> | <u><u>\$ 122,102</u></u> | <u><u>\$ 112,786</u></u> | <u><u>\$ (9,316)</u></u> |

McPHERSON COUNTY, KANSAS

CELLULAR TAX E911 FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|------------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Telephone tax | <u>\$ 197,100</u> | <u>\$ 197,100</u> | <u>\$ 223,532</u> | <u>\$ 26,432</u> |
| Expenditures: | | | | |
| Contractual services | 347,000 | 347,000 | 217,102 | 129,898 |
| Commodities | — | — | 1,524 | (1,524) |
| Capital outlay | <u>—</u> | <u>—</u> | <u>129,024</u> | <u>(129,024)</u> |
| Total expenditures | <u>347,000</u> | <u>347,000</u> | <u>347,650</u> | <u>(650)</u> |
| Revenues over (under) expenditures | (149,900) | (149,900) | (124,118) | 25,782 |
| Fund balance, beginning of year | <u>244,385</u> | <u>244,385</u> | <u>331,721</u> | <u>87,336</u> |
| Fund balance, end of year | <u><u>\$ 94,485</u></u> | <u><u>\$ 94,485</u></u> | <u><u>\$ 207,603</u></u> | <u><u>\$ 113,118</u></u> |

McPHERSON COUNTY, KANSAS

TECHNOLOGY – REGISTER OF DEEDS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Licenses and fees | \$ 43,000 | \$ 43,000 | \$ 38,741 | \$ (4,259) |
| Expenditures: | | | | |
| Personal services | 7,000 | 7,000 | – | 7,000 |
| Contractual services | 46,500 | 46,500 | 21,347 | 25,153 |
| Commodities | 4,500 | 4,500 | 409 | 4,091 |
| Capital outlay | 20,000 | 20,000 | 2,666 | 17,334 |
| Transfers out | – | – | – | – |
| Total expenditures | <u>78,000</u> | <u>78,000</u> | <u>24,422</u> | <u>53,578 •</u> |
| Revenues over expenditures | (35,000) | (35,000) | 14,319 | 49,319 |
| Fund balance, beginning of year | <u>84,293</u> | <u>84,293</u> | <u>66,635</u> | <u>(17,658)</u> |
| Fund balance, end of year | <u><u>\$ 49,293</u></u> | <u><u>\$ 49,293</u></u> | <u><u>\$ 80,954</u></u> | <u><u>\$ 31,661</u></u> |

• – Per K.S.A. 28-115a this fund is not subject to the budget laws of the State of Kansas.

McPHERSON COUNTY, KANSAS

COMMUNITY DEVELOPMENTAL DISABILITY ORGANIZATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|------------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Taxes | \$ 60,770 | \$ 60,770 | \$ 61,244 | \$ 474 |
| Intergovernmental | 276,733 | 276,733 | 277,548 | 815 |
| Charges for services | <u>19,400</u> | <u>19,400</u> | <u>—</u> | <u>(19,400)</u> |
| Total revenues | <u>356,903</u> | <u>356,903</u> | <u>338,792</u> | <u>(18,111)</u> |
| Expenditures: | | | | |
| Personal services | — | — | — | — |
| Contractual services | 233,503 | 233,503 | 388,725 | (155,222) |
| Commodities | 200 | 200 | — | 200 |
| Capital outlay | — | — | — | — |
| Agency appropriations | <u>238,032</u> | <u>238,032</u> | <u>—</u> | <u>238,032</u> |
| Total expenditures | <u>471,735</u> | <u>471,735</u> | <u>388,725</u> | <u>83,010</u> |
| Revenues over (under) expenditures | (114,832) | (114,832) | (49,933) | 64,899 |
| Fund balance, beginning of year | <u>114,832</u> | <u>114,832</u> | <u>112,451</u> | <u>(2,381)</u> |
| Fund balance, end of year | <u><u>\$ —</u></u> | <u><u>\$ —</u></u> | <u><u>\$ 62,518</u></u> | <u><u>\$ 62,518</u></u> |

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY TREASURER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Licenses and fees | <u>\$ 10,100</u> | <u>\$ 10,100</u> | <u>\$ 9,685</u> | <u>\$ (415)</u> |
| Expenditures: | | | | |
| Contractual services | <u>12,047</u> | <u>12,047</u> | <u>10,000</u> | <u>2,047</u> |
| Capital outlay | <u>5,000</u> | <u>5,000</u> | <u>6,549</u> | <u>(1,549)</u> |
| Total expenditures | <u>17,047</u> | <u>17,047</u> | <u>16,549</u> | <u>498</u> |
| Revenues over expenditures | <u>(6,947)</u> | <u>(6,947)</u> | <u>(6,864)</u> | <u>83</u> |
| Fund balance, beginning of year | <u>6,947</u> | <u>6,947</u> | <u>9,111</u> | <u>2,164</u> |
| Fund balance, end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 2,247</u> | <u>\$ 2,247</u> |

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY CLERK FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|------------------------------------|----------------------------|-------------------------|---|---|
| Revenues: | | | | |
| Licenses and fees | <u>\$ 10,100</u> | <u>\$ 10,100</u> | <u>\$ 9,685</u> | <u>\$ (415)</u> |
| Expenditures: | | | | |
| Contractual services | <u>2,000</u> | <u>2,000</u> | <u>910</u> | <u>1,090</u> |
| Capital outlay | <u>9,100</u> | <u>9,100</u> | <u>3,735</u> | <u>5,365</u> |
| Total expenditures | <u>11,100</u> | <u>11,100</u> | <u>4,645</u> | <u>6,455</u> |
| Revenues over (under) expenditures | <u>(1,000)</u> | <u>(1,000)</u> | <u>5,040</u> | <u>6,040</u> |
| Fund balance, beginning of year | <u>1,000</u> | <u>1,000</u> | <u>13,697</u> | <u>12,697</u> |
| Fund balance, end of year | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 18,737</u> | <u>\$ 18,737</u> |

McPHERSON COUNTY, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|------------------------------------|--------------------|-----------------|---|--|
| Revenues: | | | | |
| Intergovernmental | \$ 655,950 | \$ 655,950 | \$ 655,950 | \$ — |
| Expenditures: | | | | |
| Bond principal | 550,000 | 550,000 | 105,950 | 444,050 |
| Bond interest and commission | 105,950 | 105,950 | 550,000 | (444,050) |
| Total expenditures | 655,950 | 655,950 | 655,950 | — |
| Revenues over (under) expenditures | — | — | — | — |
| Fund balance, beginning of year | 8,911 | 8,911 | 8,911 | — |
| Fund balance, end of year | \$ 8,911 | \$ 8,911 | \$ 8,911 | \$ — |

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2019

ASSETS

| | | | | | | | |
|---------------------------------|--------------|------------|--------------|------------|-----------|----------|--------------|
| Cash and short-term investments | \$ 1,270,423 | \$ 888,108 | \$ 4,171,027 | \$ 915,925 | \$ 87,558 | \$ 3,336 | \$ 7,336,377 |
|---------------------------------|--------------|------------|--------------|------------|-----------|----------|--------------|

**LIABILITIES AND
FUND BALANCES**

| | | | | | | | |
|-------------------------------------|--------------|------------|--------------|------------|-----------|----------|--------------|
| Liabilities: | | | | | | | |
| Accounts payable | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Fund balances: | | | | | | | |
| Committed: | | | | | | | |
| Capital improvements | — | 888,108 | 4,171,027 | — | — | 3,336 | 5,062,471 |
| Environmental protection | 1,270,423 | — | — | — | 87,558 | — | 1,357,981 |
| Highway improvements | — | — | — | 915,925 | — | — | 915,925 |
| Total fund balance | 1,270,423 | 888,108 | 4,171,027 | 915,925 | 87,558 | 3,336 | 7,336,377 |
| Total liabilities and fund balances | \$ 1,270,423 | \$ 888,108 | \$ 4,171,027 | \$ 915,925 | \$ 87,558 | \$ 3,336 | \$ 7,336,377 |

MCPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS**

Year ended December 31, 2019

| | Landfill Remediation Reserve | Capital Improve- Reserve | Capital Equipment Reserve | Highway Machinery Equipment Reserve | Noxious Weed Reserve | War Memorial | Totals |
|--------------------------------------|------------------------------------|--------------------------------|---------------------------------|--|----------------------------|-----------------|--------------|
| Revenues: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | 10,633 | - | - | - | 10,633 |
| Total revenues | - | - | 10,633 | - | - | - | 10,633 |
| Expenditures: | | | | | | | |
| Capital outlay | - | 751,719 | 778,454 | - | 9,635 | - | 1,539,808 |
| Revenues over (under) expenditures | - | (751,719) | (767,821) | - | (9,635) | - | (1,529,175) |
| Other financing sources (uses): | | | | | | | |
| Capital lease proceeds | - | - | 4,000,000 | - | - | - | 4,000,000 |
| Transfers in | - | 500,000 | 245,000 | - | - | - | 745,000 |
| Total other financing sources (uses) | - | 500,000 | 4,245,000 | - | - | - | 4,745,000 |
| Net change in fund balance | - | (251,719) | 3,477,179 | - | (9,635) | - | 3,215,825 |
| Fund balances, beginning of year | 1,270,423 | 1,139,827 | 693,848 | 915,925 | 97,193 | 3,336 | 4,120,552 |
| Fund balances, end of year | \$ 1,270,423 | \$ 888,108 | \$ 4,171,027 | \$ 915,925 | \$ 87,558 | \$ 3,336 | \$ 7,336,377 |

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Tax Collection Funds – to account for the various taxes levied by taxing districts throughout the County. The County Treasurer serves as the tax collection agent for all such taxing districts.

Tax Distribution Funds – to account for the individual fund levies of all taxing districts throughout the County.

Motor Vehicle Fees and Sales Tax Collection Funds – to account for the state required fees received on motor vehicle registration renewals to be remitted to the State of Kansas.

Fish and Game Licenses and Park Permits Funds – to account for the state required fees received on the sale of state fish and game licenses and state park permits to be remitted to the State of Kansas.

Stray Animals Fund – to account for the proceeds from the sales of stray animals not claimed by their rightful owners. Excess proceeds are due to the State of Kansas.

Fee Offices Funds – to account for the operations of the County Clerk, Register of Deeds, Sheriff and District Court offices of the County. Fees are due to various funds and agencies as provided by State statutes.

McPherson County Jail Inmates Fund – to account for moneys held on behalf of prisoners held in the County jail.

McPherson County Cafeteria Plan Fund – to account for moneys held on behalf of County employees for payment of designated benefit items.

McPherson County Sheriff's Benefit Reserve Fund – to account for moneys paid to off-duty sheriff reserve officers for services performed outside of normal working hours and assignments.

Sales Tax Holding Fund – to account for sales taxes collected on solid waste facility operations.

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued on next page)

Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deletions | Balance December 31, 2019 |
|---------------------------------------|-------------------------------|-----------------------|-----------------------|---------------------------------|
| TOTAL - ALL AGENCY FUNDS | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 26,505,836 | \$ 120,950,214 | \$ 112,213,251 | \$ 35,242,799 |
| Property tax levied | 30,513,322 | 59,725,997 | 64,758,785 | 25,480,534 |
| Due from other funds | — | — | — | — |
| Due from others | — | — | — | — |
| Due from State of Kansas | — | — | — | — |
| Total assets | <u>\$ 57,019,158</u> | <u>\$ 180,676,211</u> | <u>\$ 176,972,036</u> | <u>\$ 60,723,333</u> |
| <u>LIABILITIES</u> | | | | |
| Accrued liabilities | \$ 33,323 | \$ 113,942 | \$ 118,536 | \$ 28,729 |
| Due to: | | | | |
| Other funds | — | 400,805 | 400,805 | — |
| Other governmental units | 83,498 | 4,352,141 | 4,297,967 | 137,672 |
| Others | 11,664 | 75,514 | 76,015 | 11,163 |
| Taxing districts: | | | | |
| Apportioned taxes | 11,111 | 43,037,744 | 43,042,748 | 6,107 |
| Unapportioned taxes | 56,840,562 | 68,175,284 | 64,588,611 | 60,427,235 |
| Law library | — | 18,111 | 18,111 | — |
| Alcohol safety program | — | 9,473 | 9,473 | — |
| Cash balance deposits | 39,000 | 589,513 | 516,086 | 112,427 |
| Due to other funds | — | — | — | — |
| Total liabilities | <u>\$ 57,019,158</u> | <u>\$ 116,772,527</u> | <u>\$ 113,068,352</u> | <u>\$ 60,723,333</u> |

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)

Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deletions | Balance December 31, 2019 |
|---------------------------------------|-------------------------------|----------------|----------------|---------------------------------|
| TAX COLLECTION ACCOUNTS | | | | |
| ASSETS | | | | |
| Cash including short-term investments | \$ 26,327,240 | \$ 72,352,972 | \$ 63,733,510 | \$ 34,946,702 |
| Property tax levied: | | | | |
| 2019 Current tax | — | 59,700,997 | 34,220,462 | 25,480,535 |
| 2018 Current tax | 30,513,323 | 25,000 | 30,538,323 | — |
| | 30,513,323 | 59,725,997 | 64,758,785 | 25,480,535 |
| Total assets | \$ 56,840,563 | \$ 132,078,969 | \$ 128,492,295 | \$ 60,427,237 |
| LIABILITIES | | | | |
| Unapportioned taxes: | | | | |
| 2019 Current tax | \$ — | \$ 59,634,137 | \$ — | \$ 59,634,137 |
| 2018 Current tax | 56,125,688 | 84,822 | 56,210,510 | — |
| Motor Vehicle | 575,468 | 3,852,667 | 3,767,423 | 660,712 |
| Delinquent taxes | 119,569 | 52,331 | 71,860 | 100,040 |
| Tax foreclosures | 829 | — | — | 829 |
| Prepaid tax | — | 3,697 | 3,697 | — |
| Mineral tax | 2,077 | 8,397 | 8,554 | 1,920 |
| Gasoline tax | — | 1,062,598 | 1,062,598 | — |
| Motor vehicle excise tax | 4,932 | 13,076 | 13,746 | 4,262 |
| Liquor tax | — | 19,243 | 19,243 | — |
| Recreational vehicle tax | 10,428 | 79,577 | 75,354 | 14,651 |
| Commercial truck tax | 1,472 | 261,072 | 251,958 | 10,586 |
| Cereal malt beverage tax | 100 | 23 | 23 | 100 |
| Cereal malt beverage tax | — | 3,103,645 | 3,103,645 | — |
| Total liabilities | \$ 56,840,563 | \$ 68,175,285 | \$ 64,588,611 | \$ 60,427,237 |

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)

Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deletions | Balance December 31, 2019 |
|--|-------------------------------|---------------|---------------|---------------------------------|
| TAX DISTRIBUTION ACCOUNTS | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 11,111 | \$ 43,037,742 | \$ 43,042,748 | \$ 6,105 |
| <u>LIABILITIES</u> | | | | |
| Apportioned taxes due to: | | | | |
| Watersheds | \$ — | \$ 66,999 | \$ 66,999 | \$ — |
| Drainage districts | 4,403 | 55,168 | 59,571 | — |
| School districts | — | 25,024,307 | 25,024,307 | — |
| Townships | (3,334) | 4,193,316 | 4,189,982 | — |
| Cities | 1,679 | 11,045,582 | 11,047,261 | — |
| Fire districts | 2,592 | 1,440,529 | 1,443,121 | — |
| Regional library | — | 335,730 | 335,730 | — |
| Cemetery districts | — | 37,370 | 37,370 | — |
| Water assessment district | 546 | 71,864 | 72,410 | — |
| Library Districts | — | 17,601 | 17,601 | — |
| Improvement District | 234 | 461 | 695 | — |
| Historical tax | 4,991 | 19,370 | 18,256 | 6,105 |
| State of Kansas | — | 729,445 | 729,445 | — |
| Total liabilities | \$ 11,111 | \$ 43,037,742 | \$ 43,042,748 | \$ 6,105 |

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)

Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deletions | Balance December 31, 2019 |
|--|-------------------------------|--------------|--------------|---------------------------------|
| MOTOR VEHICLE FEES AND SALES TAX COLLECTION ACCOUNT | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term | | | | |
| Investments | \$ 83,194 | \$ 3,862,301 | \$ 3,808,135 | \$ 137,360 |
| <u>LIABILITIES</u> | | | | |
| Due to State of Kansas | \$ 83,194 | \$ 3,862,301 | \$ 3,808,135 | \$ 137,360 |

**FISH AND GAME LICENSES
AND PARK PERMITS**

| | | | | |
|---------------------------------------|-------|----------|----------|------|
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 45 | \$ 7,744 | \$ 7,789 | \$ — |
| Due from State of Kansas | — | — | — | — |
| Total assets | \$ 45 | \$ 7,744 | \$ 7,789 | \$ — |
| <u>LIABILITIES</u> | | | | |
| Due to State of Kansas | \$ 45 | \$ 7,744 | \$ 7,789 | \$ — |
| Due to other funds | — | — | — | — |
| Total liabilities | \$ 45 | \$ 7,744 | \$ 7,789 | \$ — |

STRAY ANIMALS

| | | | | |
|---------------------------------------|------|------|------|------|
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ — | \$ — | \$ — | \$ — |
| <u>LIABILITIES</u> | | | | |
| Due to state of Kansas | \$ — | \$ — | \$ — | \$ — |

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deletions | Balance December 31, 2019 |
|---------------------------------------|-------------------------------|---------------------|---------------------|---------------------------------|
| <u>FEE OFFICERS</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 39,000 | \$ 1,498,180 | \$ 1,424,753 | \$ 112,427 |
| Due from others | - | - | - | - |
| Due from other funds | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | <u>\$ 38,999</u> | <u>\$ 1,498,180</u> | <u>\$ 1,424,753</u> | <u>\$ 112,427</u> |
| <u>LIABILITIES</u> | | | | |
| Due to County general fund | \$ - | \$ 318,038 | \$ 318,038 | \$ - |
| Due to technology fund | - | 58,111 | 58,111 | - |
| Due to other trust and agency funds | - | 24,656 | 24,656 | - |
| Balance in cases | 39,000 | 589,512 | 516,085 | 112,427 |
| Law Library | - | 18,112 | 18,112 | - |
| Due to State: | | | | |
| Park and vessel permits | - | 5,844 | 5,844 | - |
| Marriage licenses | - | 10,738 | 10,738 | - |
| Fines | - | 177,486 | 177,486 | - |
| Docket fees | - | 194,056 | 194,056 | - |
| Alcohol safety action program | - | 9,473 | 9,473 | - |
| Other | - | 92,154 | 92,154 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>\$ 39,000</u> | <u>\$ 1,498,180</u> | <u>\$ 1,424,753</u> | <u>\$ 112,427</u> |

**McPHERSON COUNTY
JAIL INMATES**

| | | | | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | <u>\$ 11,665</u> | <u>\$ 75,514</u> | <u>\$ 76,015</u> | <u>\$ 11,164</u> |
| <u>LIABILITIES</u> | | | | |
| Due to inmates | <u>\$ 11,665</u> | <u>\$ 75,514</u> | <u>\$ 76,015</u> | <u>\$ 11,164</u> |

McPHERSON COUNTY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2019

| | Balance January 1, 2019 | Additions | Deletions | Balance December 31, 2019 |
|--|-------------------------------|-----------|-----------|---------------------------------|
| <u>McPHERSON COUNTY CAFETERIA PLAN</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 10,383 | \$ 69,412 | \$ 66,574 | \$ 13,221 |
| <u>LIABILITIES</u> | | | | |
| Accrued liabilities | \$ 10,383 | \$ 69,412 | \$ 66,574 | \$ 13,221 |
| <u>McPHERSON COUNTY SHERIFF'S BENEFIT RESERVE</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 22,940 | \$ 44,530 | \$ 51,962 | \$ 15,508 |
| <u>LIABILITIES</u> | | | | |
| Accrued liabilities | \$ 22,940 | \$ 44,530 | \$ 51,962 | \$ 15,508 |
| <u>SALES TAX HOLDING</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash including short-term investments | \$ 259 | \$ 1,818 | \$ 1,765 | \$ 312 |
| <u>LIABILITIES</u> | | | | |
| Due to State of Kansas | \$ 259 | \$ 1,818 | \$ 1,765 | \$ 312 |